



Department for  
Communities and  
Local Government

## **Priority Axis 1 and Priority Axis 2 Challenge Fund**

**February 2013**

# **Prospectus**

**East Midlands  
ERDF Competitiveness  
Programme 2007-13**



**EUROPEAN UNION**  
Investing in Your Future  
European Regional  
Development Fund 2007-13

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## **Executive Summary**

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by supporting regional economic development. The East Midlands is eligible for €268.5m (worth approximately £221m at December 2012 exchange rates) between 2007 and 2013 which, when combined with match funding, provides a programme value of approximately £442m – a significant investment in the economic development of the region.

The Programme is being delivered through two main Priority Axes:

- Priority Axis 1 (PA1): Innovation and sustainable business practice; and
- Priority Axis 2 (PA2): Sustainable economic and enterprise activity in disadvantaged communities.

This Prospectus invites applications for grant funding from projects that can demonstrate they will contribute to the achievement of PA1/PA2 objectives, outputs and results through eligible activities, and looks to commit the remaining ERDF funding over the remaining life of the 2007-13 Programme.

This ‘Challenge Fund’ invites Outline Applications (OAs) from applicants that can demonstrate that they can contribute significantly towards the achievement of the objectives set out above and deliver, through eligible activities (and at reasonable cost), the PA1/PA2 Outputs, Results and Impacts described at Chapter 10. Applicants will need to demonstrate that they have secured (or have a reasonable expectation of securing) eligible match funding for their proposals (the ERDF intervention rate under PA1 will not normally exceed 40% and under PA2 it will not normally exceed 62.72%).

The aim is to move to fewer, more strategic investments. 90% of the Challenge Fund is ring fenced for large projects with a minimum ERDF threshold of £5m that will deliver significant and tangible returns on economic growth. The remaining 10% of the Challenge Fund is set aside for smaller projects with a minimum ERDF threshold of £500k.

**Although priority will be given to applications which meet the minimum thresholds, applications which do not meet these will not be excluded.**

**For the purposes of the Challenge Fund, a ‘large’ project is any application with a minimum request for £2m ERDF.**

The closing date for submitting large project OAs (£2m ERDF and above) is noon on **Friday 22 March, 2013**. The closing date for submitting small project OAs (below £2m ERDF) is noon on **Friday 12 April, 2013**.

## Introduction

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by supporting regional economic development. The East Midlands is eligible for €268.5m (worth approximately £221m at December 2012 exchange rates) between 2007 and 2013 which, when combined with match funding, provides a programme value of approximately £442m – a significant investment in the economic development of the region.

The East Midlands qualifies as a competitiveness and employment region under the EU's Cohesion Policy, which aims to meet the EU objective to become:

*“...the most competitive and dynamic knowledge based economy in the world, capable of sustainable economic growth with more and better jobs and greater social inclusion”.*

The East Midlands Operational Programme<sup>1</sup> (OP) sets out the region's strategy for delivering the funds. It is based on an analysis of the region's main challenges, needs, strengths and opportunities as set out in the socio-economic and SWOT analyses, and the policy frameworks and drivers set down in the European Commission's Community Strategic Guidelines and the UK's National Strategic Reference Framework.

The Programme seeks to add value by enhancing and extending commitments to the Lisbon and Gothenburg agendas. The overall Strategic Programme Objective is:

*“To become a region of highly productive, innovative and sustainable businesses and support the most disadvantaged of our communities to realise their economic potential”.*

This will be achieved under three Programme Priorities:

- Increasing productivity through innovation;
- Improving resource efficiency in businesses and communities; and
- Increasing sustainable economic and enterprise activity in disadvantaged communities.

The Programme is being delivered through two main Priority Axes:

- Priority Axis 1 (PA1): Innovation and sustainable business practice; and

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<sup>1</sup> The Operational Programme is available to download at:  
<http://www.communities.gov.uk/documents/regeneration/pdf/1964823.pdf>

- Priority Axis 2 (PA2): Sustainable economic and enterprise activity in disadvantaged communities.

**Priority Axis 1** is concerned with increasing productivity through innovation and sustainable business practice. Resources are being thematically targeted to focus on increasing commercialisation of innovation in Small and Medium Enterprises (SMEs) in priority sectors and in businesses with high growth potential, to create higher value added products and services, and includes support for SME engagement in Research and Development (R&D) for emerging and enabling technologies. It also seeks to promote and support innovation to improve resource efficiency.

**Priority Axis 2** is concerned with increasing sustainable economic and enterprise activity in disadvantaged communities and is spatially targeted to focus resources on the most disadvantaged areas whilst exploiting the potential linkages to adjacent areas of economic growth. The aim is to create new indigenous economic opportunities by building local capacity, resources and support; reviving local infrastructure and environments and stimulating and supporting enterprise and new market opportunities.

This Prospectus invites applications for grant funding from projects that can demonstrate they will contribute to the achievement of PA1/PA2 objectives, outputs and results through eligible activities, and **looks to commit the remaining ERDF funding over the remaining life of the 2007-13 Programme. To be eligible offers must be signed as contracted by both parties by 31 December 2013, and have their eligible expenditure defrayed and Outputs and Results delivered by 30 June 2015, although this can be extended by negotiation on a case by case basis.** This Prospectus is divided into a series of Chapters that provide information on activities which may be funded, the application and appraisal arrangements, and the technical eligibility requirements. **The ERDF intervention rate for individual projects under this call will not normally exceed 40% for PA1 and 62.72% for PA2.**

## 1. Arrangements for Managing the Programme

The Department for Communities & Local Government (DCLG) has overall responsibility for the ERDF 2007-13 Programme. In the East Midlands, the Programme Delivery Team – East Midlands has responsibility for implementation of the Programme for the purpose of managing the funds, and act as the Secretariat to the Local Management Committee (LMC) and its Investment Sub Group (LMC ISG).

## 2. Introduction to Priority Axis 1

Priority Axis 1 seeks to create a high value added economy by supporting innovation and sustainable business practice. It will build on the region's key strengths and exploit opportunities.

The main objectives are:

- Increase the number of businesses investing in innovation;
- Raise the overall level of business investment in innovation;
- Improve the effectiveness of ideas commercialisation;
- Recognise and build on regional strengths to ensure sustainable competitive advantage;
- Increase the frequency and value of business/university interactions;
- Build business resilience and productivity through resource efficiency and adaptation to climate change measures; and
- Maximise the economic and environmental benefits of the deployment of renewable energy and low carbon technologies.

Building a knowledge-based economy underpins this Priority Axis alongside an approach to mainstreaming the cross cutting themes of *Environmental Sustainability* and *Equalities*. Further information on sustainable development and the cross cutting themes is set out at Chapter 9.

One of the key challenges for the Programme is to focus and prioritise actions and activities in order to achieve maximum impact. Funding under the Programme will be directed primarily at SMEs, however, support may be available for large companies involved in R&D activities (provided State Aid rules can be met). The thematic approach under Priority Axis 1 will ensure that the funding to support innovation is available throughout the region (including the target areas supported under Priority Axis 2).

### **Context and Rationale**

The challenge the Programme seeks to address is to increase economic performance by making the region and its workers more productive and internationally competitive, by increasing skill levels, the knowledge base and innovation. The region's businesses will need to become more innovative and produce higher value-added goods and services with more highly skilled people in order to compete in a rapidly changing global economy. Innovation support is particularly important to accelerate renewable energy developments and to address resource efficiency needs.

Priority Axis 1 therefore seeks to increase business competitiveness by increasing the rate and level of innovation and improving resource efficiency by enabling businesses to develop and exploit new products, processes, technologies, services and markets. The East Midlands needs to harness the knowledge and expertise that resides in the region's Higher Education Institutions (HEIs). However companies (particularly SMEs) find it difficult to access support from HEIs and the region's HEIs do not always view SMEs as natural clients. There is, therefore, a need to ensure that SMEs are easily able to communicate their requirements with each other, with large companies within the supply chain and with HEIs.

The region's businesses need support to help them access the knowledge and ideas that can help them grow and prosper in higher value markets. A lack of funding is cited in the *Innovation Strategy and Action Plan for the East Midlands* as one of the key barriers to innovation. There is also a need to create an effective environment for innovation and to have the physical infrastructure assets in place to maximise the potential growth of innovative businesses throughout their development.

### 3. Introduction to Priority Axis 2

Priority Axis 2 aims to promote economic growth by increasing the level of enterprise, creating new jobs and moving towards a more knowledge-based economy. Resources will be directed at the region's most disadvantaged communities in order to support and develop a range of bespoke economic and enterprise activities to meet the specific identified needs of localities and target communities and will:

- Increase the size and diversity of the enterprise base;
- Stimulate demand for new services within localities i.e. exploiting local procurement opportunities;
- Support the development of local enterprise initiatives to support the resource efficiency objective;
- Increase the level of private sector investment in disadvantaged communities;
- Improve access to employment opportunities; and
- Improve the physical (green and built) environments and attractiveness of disadvantaged areas.

The focus of Priority Axis 2 is to provide support and resources to localities with high levels of deprivation and low levels of economic and enterprise activity in order to increase sustainable economic and enterprise activity. Within the Operational Programme 12 target districts have been identified:

- Ashfield
- Bassetlaw
- Bolsover
- Chesterfield
- Corby
- Derby
- East Lindsey
- Leicester
- Lincoln
- Mansfield
- Nottingham
- Oadby and Wigston

Given that spatial targeting is no longer a question of eligibility, but one of focus and concentration, it may be possible for limited activities to be funded outside the target districts provided their impact on the target areas/groups can be quantified and measured.

## 4. What is included in this ‘Challenge Fund?’

This ‘Challenge Fund’ invites Outline Applications (OAs) from applicants that can demonstrate that they can contribute significantly towards the achievement of the objectives set out above and deliver, through eligible activities (and at reasonable cost), the PA1/PA2 Outputs, Results and Impacts described at Chapter 10. Applicants will need to demonstrate that they have secured (or have a reasonable expectation of securing) eligible match funding for their proposals (the ERDF intervention rate under PA1 will not normally exceed 40% and under PA2 it will not normally exceed 62.72%).

The aim is to move to fewer, more strategic investments. 90% of the Challenge Fund is ring fenced for large projects with a minimum ERDF threshold of £5m that will deliver significant and tangible returns on economic growth.

The remaining 10% of the Challenge Fund is set aside for smaller projects with a minimum ERDF threshold of £500k.

**Although priority will be given to applications which meet the minimum thresholds, applications which do not meet these will not be excluded.**

**For the purposes of the Challenge Fund, a ‘large’ project is any application with a minimum request for £2m ERDF.**

The Operational Programme (OP) sets out four Delivery Strands under PA1, and details associated Indicative Actions as follows:

### PA1 Delivery Strands and Indicative Actions

Strand	Ref:	Indicative Actions
<b>1a. Supporting Knowledge and Technology Transfer, Innovation and R&amp;D</b>	1a-1	Activities to identify and support the development of emerging and enabling technologies through HEI / business collaborations, including support for spin outs.
	1a-2	Collaborative R&D projects between SMEs and HEIs to develop new products, services and processes to improve business performance including grant funds.

	<b>1a-3</b>	Activities to promote the benefits of enabling technologies and processes to SMEs and support for SMEs to assess the implications of new technologies and processes, including ICT – e.g. events.
	<b>1a-4</b>	Activities to support technology and knowledge transfer through either HEI/business collaboration or business-to-business collaboration including support for graduate and undergraduate placement schemes.
<b>1b. Innovation Support for Business</b>	<b>1b-1</b>	Information, diagnostic and brokerage activities.
	<b>1b-2</b>	Expert advice to improve technical, managerial and workforce competence to enable SMEs to innovate in order to bring about and exploit new products, processes, services and create new markets, including support for the regional Manufacturing Advisory Service.
	<b>1b-3</b>	Activities to support the exploitation of funding opportunities to support innovative activities, in particular opportunities from Framework Programme 7 (FP7) and the Competitiveness Innovation Programme (CIP).
	<b>1b-4</b>	Consultancy support for process innovation, technology strategy development and subsequent implementation.
	<b>1b-5</b>	Initiatives to support firms to develop new and improved products, processes and services, and access new markets.
	<b>1b-6</b>	Activities to raise awareness of, and stimulate demand for, finance to fund business innovations.
	<b>1b-7</b>	The development of appropriate financial instruments to encourage investment in the commercialisation of R&D and to increase take up of technologies to improve resource efficiency including JEREMIE <sup>2</sup> .

<sup>2</sup> JEREMIE (Joint European Resources for Micro to Medium Enterprises).

1c. Creating the Environment for Innovation	1c-1	Initiatives that develop the supportive environment for innovation in SMEs, including the organisation, management and promotion of networks and industry groups within key sectors. For example, iNets for each of the key sectors.
	1c-2	The development of premises and facilities to support innovation, e.g. iNet Hubs.
	1c-3	Funding will also be available to upgrade and extend existing premises and facilities for innovation.
	1c-4	Awareness raising activities, including events and competitions. Management of appropriate communication vehicles including the development of a regional innovation portal.
1d. Resource Efficiency	1d-1	Action to promote greater efficiency in the use of resources (energy, water, materials) and assistance for businesses to establish and develop environmental management systems.
	1d-2	Action to develop and adopt new technologies (including renewable energy), products, processes and services to improve resource efficiency.

The OP also sets out four Delivery Strands under PA2, and details associated Indicative Actions as follows:

#### **PA2 Delivery Strands and Indicative Actions**

<b>Strand</b>	<b>Ref:</b>	<b>Indicative Actions</b>
2a. Enterprise Support	2a-1	Enhanced enterprise and start-up initiatives including enterprise awareness coaching, mentoring provision and initiatives to support enterprise in target communities.
	2a-2	Bespoke business support initiatives for businesses and social enterprises to develop and enter new markets, including those concerned with waste minimisation, renewable energies and resource efficiency opportunities, including financial assistance and consultancy support.

	2a-3	Developing the capacity of local businesses and social enterprises to access local procurement opportunities.
	2a-4	Creation and refurbishment of premises, employment sites and small scale enterprise facilities.
2b. Access to Finance	2b-1	Development and provision of appropriate financial instruments, including Community Development Finance Instruments (CDFI).
	2b-2	Access to finance and investor readiness support.
2c. Access to Resources and Support	2c-1	Developing and improving access to employment opportunities, including local transport initiatives, connectivity (including ICT) and accessibility.
2d. Reviving Local Infrastructure and Environments	2d-1	Rehabilitation and development of local environments to create more attractive places for communities and investors.

## 5. What is not included?

A decision not to support any further ‘Access to Finance’ projects‘ was made by the Programme Monitoring Committee on 16 June 2011.

In addition, a number of specific exclusions or limits also apply, and applicants must read the National ERDF Handbook and the ERDF National Eligibility Rules and the full Guidance material applicable to the project, available on the DCLG website.

<https://www.gov.uk/erdf-national-guidance>

## 6. Who can apply?

ERDF grants can be awarded to public sector and, in some instances, private ('not for profit') and third sector organisations. Historically, many successful ERDF bids have tended to be co-ordinated by the public sector, notably local authorities and by non-profit distributing private organisations acting in the public interest (such as Further and Higher Education institutions).

Applicant organisations must be legally constituted and be able to enter into a legally binding arrangement. The applicant is the organisation that negotiates and subsequently enters into a funding agreement (and therefore carries the liability for ensuring that the terms of the ERDF funding agreement are met). ERDF is not paid directly to profit-distributing private sector organisations or for an organisation's own benefit (although in many instances private sector organisations – particularly SMEs – are the end beneficiaries of support). All activity to be funded must be State Aid and Procurement law compliant.

## 7. Core Selection Criteria

In order to be eligible for assistance through the East Midlands 2007-13 ERDF Programme, all projects must adhere to a set of core criteria that have been developed in response to the Operational Programme, the relevant EC Regulations and the National Eligibility Rules. All projects must therefore:

- Deliver against the objectives of the ERDF Operational Programme;
- Form part of a Key Activity or Programme of Investment identified in the Investment Framework;
- As a general rule, be located within the programme area and demonstrate that the outputs will be delivered in, and impact on, the programme area<sup>3</sup>;
- Identify expected outputs and results and provide details of clear and attainable targets;
- Demonstrate an additional and sustainable benefit to the socio-economic development of the area;
- Demonstrate acceptable value for money in terms of outputs/results and benefits returned on the investment;
- Have a sound funding package in place, identifying the recipient of the funds and the sources of match funding;
- Not duplicate existing activity (but could extend such activity) and must not be a substitute for existing or planned domestic expenditure;
- Undertake an options analysis to ensure their proposals are the best way of achieving the desired outputs/results;
- Demonstrate full consideration of the cross cutting themes of Environmental Sustainability and Equalities at project design stage; and
- Demonstrate that they have fully considered procurement and state aid issues.

Further details regarding ERDF Eligibility Conditions can be found in Annex 1.

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<sup>3</sup> Exceptions to this rule may be considered provided (a) the project is situated in a NUTS III area adjacent to the programme area

<http://www.ons.gov.uk/ons/search/index.html?newquery=East+Midlands>; and (b) the results and impacts will be delivered within the programme area; and (c) the PMC / LMC agrees the principles for the investment.

## **8. Project Assessment Criteria and Process**

In addition to the Core Selection Criteria detailed above, in order to ensure a well-balanced portfolio of high quality projects yielding optimum return on investment, further assessment criteria/processes will be applied. These will ensure applicants have fully demonstrated how their proposals will deliver Priority Axis 1/Priority Axis 2 outputs, results and impacts, and value for money.

The process begins with the submission to the PDT East Midlands Team of Outline Application (OA) forms (Annex 3). These will be assessed for their 'fit' with the activities described at Section 4 above; Strategic fit with the OP, and regional, sub-regional and local / neighbourhood strategies (where appropriate); along with the applicant's / partner's delivery and management capacity; compliance with State Aid, Procurement, Publicity and Article 55 rules; project costs, and funding, and value for money, and the projects rationale and additionality. The Outline Application Assessment Form ERDF-Form-2-003 will be completed summarising the assessment undertaken in line with OA Assessment Guidance – ERDF-GN-2-002. Given the technical nature of this call, the PDT East Midlands Team may also, where appropriate, seek specialist advice on proposals.

Those projects successfully passing the OA stage will be invited to submit a full application.

Applications will also be subject to an independent appraisal. This independent appraisal tests the consistency of the information provided by the applicant, checks the aims and objectives of each application (assessing whether alternative delivery options have been fully considered), and seeks to highlight any possible duplication or conflicts with other publicly funded initiatives or projects.

The appraisal process tests the project's assumptions, the indicative value for money, the rationale and the evidence provided by the applicant to indicate that there is a need and a demand for each proposition.

## **9. Sustainable Development and Cross Cutting Themes**

The purpose of Cross Cutting Themes (CCTs) within the East Midlands Operational Programme (OP) is to ensure that *Equalities* and *Environmental Sustainability* underpin and inform all activity financed through the Programme. The aim is to integrate, or mainstream, the themes across all activities. Mainstreaming ensures that CCTs are considered at every stage of the life of a project, from its development, application and delivery, to how it is monitored and evaluated. It is expected that applicants will have a CCT strategy that ensures the ongoing evaluation of CCT delivery and develop steps that will enable the continued mainstreaming of CCTs throughout the delivery of the project.

## **Equalities**

The OP states that the principal objective of the *Equalities* CCT is:

*To reduce economic and social inequalities by ensuring that opportunities generated by the Programme are available to everyone (regardless of their Gender, Disability, Race, Age, Sexual Orientation or Religion / Belief).*

Equality of opportunity is important for economic, legislative and moral reasons. Only by ensuring that everyone has equal access to opportunities will we achieve our goal of being a ‘flourishing region’. More specifically, equality of opportunity is critical to the success of the ERDF Programme. People from traditionally excluded groups make up a significant proportion of the region’s population and evidence shows that many experience barriers to social and economic inclusion. If exclusion continues to inhibit the prospects of these groups, economic opportunities will not be maximised and social cohesion threatened. The effective integration of *Equalities* into the Programme will assist more people and businesses to access the opportunities that the Programme offers and thereby improve not only their quality of life, but also the East Midlands economy.

## **Opportunity for Equal Opportunities Integration**

Priority Axis 1, Priority Axis 2, and this call provides significant opportunities for funding specific activities that promote equality of opportunity, either directly or indirectly. However, all OP projects or Activity will also be required to demonstrate alignment with the principles of equality of opportunity as a Cross Cutting Theme (CCT).

Specifically, all projects should:

- Ensure the needs of all potential beneficiaries are considered at project design stage in order that the service is appropriately delivered;
- Ensure that community consultation is undertaken to ensure that the proposed project is designed to meet the needs of all;
- Ensure all communication mechanisms are accessible for all i.e. events, websites, promotional materials; and
- Ensure all physical regeneration i.e. new buildings and upgrading existing premises is subject to Inclusive Design Principles.

## **Environmental Sustainability**

The OP states that the objective of the *Environmental Sustainability* CCT is:

*‘To minimise environmental and resource impact, respect environmental capacities, and maximise the potential for the environment as an economic driver.’*

The effective integration of *Environmental Sustainability* into the Programme can help deliver a more competitive, dynamic and innovative regional economy by

embracing and responding to the economic opportunities that environmental integration provides.

A high quality environment enhances quality of life, helps tackle deprivation and attracts people, businesses and investment. Improving environmental performance through measures such as energy and resource efficiency, sustainable transport and waste minimisation, saves businesses money while helping to reduce carbon emissions and reduce the whole life costs of buildings and premises.

The OP recognises *Environmental Sustainability* as one of the three pillars of Sustainable Development. The inclusion of an *Environmental Sustainability* CCT means that, whilst achieving their social and economic goals, individual projects should also aim to minimise negative environmental impacts and, where possible, enhance environmental benefits.

This should be done with particular reference to the OP strategic environmental objectives, as identified in the Strategic Environmental Assessment (SEA) of the East Midlands ERDF Operational Programme<sup>4</sup>.

The *Environmental Sustainability* CCT will, where appropriate, draw on the experience and best practice established during the 2000-2006 East Midlands Objective 2 Programme. Minimising a project's environmental impact and, where possible, enhancing environmental benefits will be achieved both directly by funding specific activities under the main OP priorities and indirectly by raising awareness of, promoting and developing *Environmental Sustainability* approaches in project design, delivery, monitoring and evaluation.

## **Opportunity for Environmental Sustainability Integration**

Priority Axis 1 and Priority Axis 2 provides significant opportunities for funding specific (or vertical) activities that promote *Environmental Sustainability*. However, all OP projects will be required to demonstrate alignment with the principles of environmental sustainability as a cross cutting (or horizontal) theme.

Specifically, all projects should promote mitigation and adaptation approaches to climate change and contribute to a more resource efficient regional economy by:

- Minimising the need to travel, and where necessary, taking steps to minimise the environmental impact of travel & transport (including procurement measures which allow locally produced/sustainably sourced goods and services to compete on equivalent terms);

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<sup>4</sup> The S.E.A. is under ERDF East Midlands: Operational Programme Annexes available to download from: <https://www.gov.uk/erdf-regional-guidance-east-midlands>

- Wherever practicable, Products/Programmes of Activity should, through the consumables they buy and use, seek to minimise environmental impact(s) and maximise cost savings through the efficient use of resources;
- Undertake to reduce, reuse, recycle or reclaim wastes and surplus materials wherever possible;
- Require subcontractors, and encourage clients and collaborators, to do the same; and
- Consider opportunities for related social and economic benefits (e.g. involvement of local groups/volunteers).

## **Capital Investments**

Those projects involving capital investments in land and/or buildings should:

- Prioritise existing buildings and brownfield land as development sites (where local conditions permit);
- Achieve Building Research Establishment Environmental Assessment Method (BREEAM) “Excellent rating” for **new build** projects (unless site constraints or project objectives mean that this requirement conflicts with the obligation to achieve value for money determined at appraisal) or BREEAM “Very Good rating” for **refurbishment** projects. Where alternative environmental assessment methods are used (e.g. EcoHomes, Code for Sustainable Homes) an equivalence rating should be achieved;
- Have regard to the conservation of biodiversity; and
- Incorporate climate change adaptation measures at design stage.

Whilst the requirements above will help to ensure low-carbon projects, additional resource use and carbon monitoring requirements may be required to support SEA monitoring, impact assessment and evaluation purposes.

## **Project Level Delivery**

All projects will need qualitative and/or quantitative indicators, with appropriate targets for each CCT, to demonstrate how the project will contribute to each theme. This will ensure that activity relating to the CCTs is included in the project delivery plan, and will enable projects to measure, report and evaluate this activity. **All projects will need to complete the CCT contract schedules prior to contracting. These will be provided at the appropriate stage, and included in the contract, and claims reporting requirements.** Monitoring of the CCTs will be included as an integral part of the wider project monitoring process under the Programme, and projects will, as a result, be asked to provide demonstrable evidence to support their achievement.

## **10. Outputs and Results**

The indicators for PA1 and PA2 have been chosen on the basis of their fit with the aims and objectives of this Priority. The following outputs are expected to be

generated (projects will generally be expected to achieve a share of these outputs proportionate to the funding they receive):

### Outputs expected from Priority Axis 1

Output	Target
No of businesses assisted to improve performance	5,600
No of businesses engaged in new collaborations with the UK knowledge base	2,300
Public and private investment leveraged (€)	87,000,000
Sq metres of new or upgraded floor space (internal premises)	17,000

As might be expected, Priority Axis 1 accounts for all of the expected new collaborations with the UK knowledge base and, despite the more expensive higher value added types of support provided under this Priority Axis, it accounts for more than half of all businesses supported under the Programme.

### Results expected from Priority Axis 1

Result	Target
No of jobs created	2,400
No of businesses improving performance	3,900
GVA (€) resulting from businesses improving performance	146,000,000
No of graduates placed in SMEs	4,000
No of new businesses created and new businesses attracted to the region	400

### Impacts expected from Priority Axis 1

Impact	Target
Increase in GVA (€)	115,000,000
Increase in employment	1,400
Increase in businesses	200

### Outputs expected from Priority Axis 2

Output	Target
No of businesses assisted to improve performance	3,700
Public and private investment leveraged (€)	129,000,000
Sq metres of new or upgraded floorspace (internal premises)	19,000
No of people assisted to start a business	2,700
Brownfield land reclaimed or redeveloped (ha)	17

## Results expected from Priority Axis 2

Result	Target
No of jobs created	6,200
No of businesses improving performance	3,300
GVA resulting from businesses improving performance (€)	118,000,000
No of new businesses created and new businesses attracted to the region	1,600

## Impacts expected from Priority Axis 2

Impact	Target
Increase in GVA (€)	106,000,000
Increase in employment	3,000
Increase in businesses	500

Please see Annex 2 for further information and definitions of these outputs and results.

Current performance gives a clear steer on the outputs where the programme is exceeding targets:-

- Businesses assisted to improve performance
- Business engaged in new collaborations
- New or upgraded floorspace
- Brownfield land reclaimed or redeveloped
- People assisted to start a business
- Jobs created
- New business created and new businesses attracted to the region

And those indicators where output is well under targets and should be the focus of activity going forward:-

- Graduates placed in SMEs
- Private and public investment leveraged
- Businesses improving performance
- GVA resulting from business improving performance

As the programme is already exceeding its floorspace target, any capital projects would need to be closely tied to direct job creation in this Call for Activity. In addition, we would have to look carefully at the deliverability of capital proposals due to the relatively short programme time available to complete such projects.

## 11. Application and Appraisal Process

There are three stages to the application process:

### Stage One – Project Surgery

Before finalising outline applications, applicants are required to contact the DCLG Programme Delivery Team to discuss their Application and how it fits with the parameters of the call. This will enable us to assist applicants to ensure that proposals meet the eligibility criteria as they are developing their applications

Prospective applicants should contact:

#### Priority Axis 1 queries

Brenden Byczkowski on 0303 444 6417 / [brenden.b@communities.gsi.gov.uk](mailto:brenden.b@communities.gsi.gov.uk)

#### Priority Axis 2 queries:

Michelle Targett on 0303 444 6433 / [michelle.targett@communities.gsi.gov.uk](mailto:michelle.targett@communities.gsi.gov.uk)

### Stage Two – Outline Application (OA)

Complete the OA (available to download from the DCLG website in *Microsoft Word*), taking full account of the guidance in this *Prospectus*. A separate OA form must be submitted for each proposed project. Check your completed OA carefully, paying particular attention to the guidance. Make sure your statements are as clear and as full as possible. Do not assume that the assessors will be familiar with your organisation or what you do.

### OA submission

The closing date for submitting large project OAs (£2m ERDF and above) is **noon on Friday 22 March, 2013**. The closing date for submitting small project OAs (below £2m ERDF) is **noon on Friday 12 April, 2013**. Both a printed copy (with wet-ink signature), plus one electronic version must be submitted before the deadline (we recommend that you obtain proof of postage). OAs received after this deadline will not be considered.

### OA assessment

Your OA will be assessed against the criteria in the Outline Application Assessment Form ERDF-Form-2-003. Assessments will be made on the basis of what you have written in the OA. Successful applicants will then be invited to complete a Full Application Form. The PDT East Midlands Team may provide feedback to applicants on areas they need to further develop for inclusion in the Full Application.

### Stage Three - Full Application

Applicants successful at the OA stage will be invited to submit a Full Application. The information in the application should be consistent with that in the OA. The deadline for receipt of full applications by the PDT East Midlands Team is **noon Friday 14 June 2013 for large applications**. The deadline for receipt of full applications by the PDT East Midlands Team is **noon Friday 28 June 2013 for small applications**. Late applications will not be accepted. The application will also be subject to independent appraisal.

### **Publication of Successful Applicants**

The PDT East Midlands Team will publish a list of the successful applicants and projects on the DCLG website. Project information will include organisation name, project name, total project cost, ERDF grant awarded, project description and Priority and Strand.

### **Freedom of Information Act (FOI) 2000**

All information that you provide is potentially subject to the Freedom of Information Act 2000. If you feel that any information that you submit is either commercially sensitive or confidential, you should explicitly say so. You should be aware however that the decision about whether to disclose information to a third party pursuant to a request for it rests solely with the Managing Authority (subject to the requirements of the Courts in their interpretation of the Act). For further information about the Act and its effect, you may wish to visit:

[http://www.ico.gov.uk/for\\_organisations/freedom\\_of\\_information.aspx](http://www.ico.gov.uk/for_organisations/freedom_of_information.aspx)

**Application & Appraisal Submission Timetable for  
Priority Axis 1 and Priority Axis 2 Challenge Fund  
Indicative internal Version**

<b>Stage</b>	<b>Date</b>	<b>Activity</b>
1	Thursday 21 February 2013	Official launch of PA1/PA2 Challenge Fund. Outline Application form available on the DCLG ERDF website
2	<b>Noon Friday 22 March 2013</b>	<b>DEADLINE FOR LARGE PROJECTS (£2m ERDF and above)</b> PA1 & PA2 Outline Application forms submitted to PDT East Midlands for assessment. Late submissions will not be accepted.
3	Requirement for extraordinary ISG – date to be agreed by ISG chair	Complete assessment of Outline Application for large projects – outcomes notified to applicants, where successful invitation to submit full application. Full Application forms will be available on the DCLG ERDF website:
4	<b>Noon Friday 12 April 2013</b>	<b>DEADLINE FOR SMALL PROJECTS (Below £2m ERDF)</b> PA1 & PA2 Outline Application forms submitted to PDT East Midlands for assessment. Late submissions will not be accepted.
5	Requirement for extraordinary ISG – date to be agreed by ISG chair BC	Complete assessment of Outline Application – outcomes notified to applicants, where successful invitation to submit full application. Full Application forms will be available on the DCLG ERDF website:
6	<b>Noon Friday 14 June 2013</b>	<b>DEADLINE FOR LARGE PROJECTS (£2m ERDF and above)</b> Final date for Full Applications to be submitted to the PDT East Midlands. Late applications will not be accepted
7	<b>Noon Friday 28 June 2013</b>	<b>DEADLINE FOR SMALL PROJECTS (Below £2m ERDF)</b> Final date for Full Applications to be submitted to the PDT East Midlands. Late applications will not be accepted.

## Contact Details

### **ERDF PDT East Midlands Team**

ERDF Programme Delivery Team East Midlands  
Department for Communities and Local Government  
Third Floor, Building C,  
Cumberland Place,  
Nottingham  
NG1 6HJ

Tel: 0303 4446 427 or 0303 4446 432

DCLG ERDF Website: <https://www.gov.uk/applying-for-erdf-funding>

✉: [em.erdfenquiries@communities.gsi.gov.uk](mailto:em.erdfenquiries@communities.gsi.gov.uk)

## Frequently Asked Questions

### **What types of activities are eligible for ERDF support?**

To be considered for funding, applicants must clearly demonstrate that their proposals are in line with the aims and objectives of the Strands and Indicative Actions of Priority Axis 1 or Priority Axis 2. Chapter 3 sets out in detail what type of activity is eligible for support; applicants must refer to this before completing an OA. Given the anticipated high level of interest in the fund, and noting that this is a competitive bidding process, inevitably not all proposals which meet the activity specifications will necessarily be offered funding.

### **How much funding will the East Midlands receive from the ERDF?**

The East Midlands is eligible for €268.5m (worth approximately £221m at December 2012 exchange rates) between 2007 and 2013, which when combined with match funding, provides a programme value of approximately £442m – a significant investment in the economic development of the East Midlands region.

### **How much ERDF can contribute to my projects costs?**

ERDF will only support a proportion of a project's costs. The principle is that the amount of ERDF awarded will always be the minimum necessary to enable a project to proceed. The maximum amount of ERDF available will be a percentage of a project's total costs. This percentage is known as the 'intervention rate'. Projects can opt to use a lower intervention rate or, if justified, request a higher rate. However, the intervention rate for Priority Axis 1 will not normally exceed 40% and for Priority Axis 2 it will not normally exceed 62.72%. In terms of Programme delivery, the aim is to move to fewer, more strategic investments - larger projects that will achieve a greater impact are encouraged, but smaller or pilot projects that can equally demonstrate a significant contribution to the objectives and results of Priority Axis 1 and Priority Axis 2 may also be considered.

### **Are there specific rules for calculating the project's budget?**

Annex 1 provides information on the types of costs which are eligible and how some of these costs should be calculated. Should your application reach the application stage, you will need to ensure that all costs meet EC guidelines. Failure to do this will result in no funding offer being made.

### **When can my project start, and for how long can it run?**

Project activity can commence from the date funding is approved. Any expenditure incurred prior to this date will be deemed ineligible, unless identified in the application, agreed in the appraisal and subsequent Funding Agreement as eligible preliminary expenditure in the specific categories in the Eligibility Chapter 2, and

claimed in the first claim. Retrospective start dates are not permitted. Note that should your application enter funding agreement negotiations with the PDT East Midlands Team, the project start date may slip depending on the duration and complexity of the negotiations. The last date for eligible expenditure and output attainment and provision of the final evaluation, are fields on the application form, being the financial and practical end dates respectively, and these are confirmed in the Funding Agreement. All expenditure, together with outputs contracted must be completed and claimed by the 30 June 2015 deadline. Applicants are advised to discuss with their Contract Officer the Evaluation requirements.

### **Does ERDF have to be used to add value to an activity?**

Yes. A fundamental principle of ERDF is that projects should add value to new or existing activity, and that the funded activity would not have occurred without ERDF support. ERDF cannot be used to replace existing or planned domestic expenditure. If applications do not demonstrate “additionality”, they will not be successful.

### **Can I apply to continue a project already funded from elsewhere?**

Applicants are permitted to continue projects already in receipt of public sector funds, provided that they meet the criteria outlined in this *Prospectus*, and provided the ERDF funding will add value to the activity. Where this is the case, applicants should also state why other succession funding has not been secured. As part of the Outline Application, applicants can detail their track record in section 8.1 and 8.2.

### **Why do you check an applicant’s track record?**

We want to fund the best projects. When assessing an organisation’s application for ERDF, assessors will consider the organisation’s track record in delivering similar activity, including existing ERDF projects’ managerial and delivery performance.

Projects which are unable to provide audited accounts for the past three financial years will be required to provide a guarantor for the total eligible ERDF grant.

### **What targets must projects achieve?**

To maximise their chances of success, applicants will need to show that their proposal will deliver a proportionate share of those targets relevant to the particular OP Strand, and that they have integrated the CCTs by contributing to their objectives and performance indicators. All targets set must be realistic and achievable.

There are different types of indicators, depending on the activity of projects. These are:

- outputs (a direct measure of project activities in terms of what the ERDF is actually “purchasing” e.g. number of Small to Medium Sized enterprises (SME) assisted to improve their performance);

- results (the gross economic impact effects of the activity supported e.g. jobs created); and
- impacts (the final or ultimate consequence of support expressed as net additional impacts rather than gross effects).

### **How long must I retain project documentation?**

All successful projects in receipt of ERDF must comply with EC regulations about preserving documents and maintaining an audit trail.

Documents relating to projects supported under the 2007-2013 programme should be retained for a period of three years following the final payment by the EC to the Department for Communities and Local Government. This date is obviously currently unknown, so our current estimate means that all project documents will need to be stored and remain accessible until at least 31 December 2025, but this date may be extended, depending on the programme closure date. Projects will be advised of the relevant date when it is known.

### **Will projects be required to publicise ERDF funding support?**

Yes. A condition of the award of European Regional Development Fund (ERDF) funding is that projects acknowledge receipt of ERDF funding in all promotional literature, advertising and other documents. Projects in receipt of funding for capital works will also be required to promote ERDF. Failure to do this can result in the repayment of ERDF funds. Further information on publicity requirements is available in the National Publicity Guidance document on the DCLG website:

<https://www.gov.uk/erdf-national-guidance>

### **Are there any requirements to work in partnership?**

Delivery partnerships are not compulsory. However, applicants should strongly consider working in partnership to ensure that their project team includes the appropriate expertise to deliver all parts of the activity; that there are beneficiary progression routes, and that the project has strong links into the community, for example, by working with minority-led partner organisations with grass roots links.

The PDT East Midlands Team will issue a funding agreement, which will need to be signed by both parties, to the successful lead organisation which submits the ERDF application. Applicants will need to develop a legally-binding agreement, such as a partnership agreement, with partners to ensure they subscribe to the successful delivery of the project, are aware of their roles, and are aware of the finances associated with their element of the delivery; this is not considered as sub-contracting (see below).

All delivery partners should ideally be confirmed at Outline Application (OA) stage. Note that the lead applicant is responsible for ensuring all delivery partners comply with the ERDF delivery and monitoring rules. This can be an onerous task, so

applicants are advised to limit their partners to only those that will add real value to the project.

### **Can I sub-contract delivery of the project?**

Sub-contracting delivery must add value to a project's activity. The PDT East Midlands Team will normally only accept one level of sub-contracting (e.g. the lead organisation can sub-contract to a contractual partner). It is the lead organisation's responsibility to ensure appropriate legal agreements are in place.

If the lead applicant is a public body, then it is bound by the Public Contracts Regulations 2006 (which incorporates the Official Journal of the European Union (known as OJEU) requirements).

### **Will the Programme fund Pilot projects?**

As there is unlikely to be further calls to allow the more extensive testing of existing pilot actions (projects and approaches) under Priority Axis 1, there will be no opportunity for new pilot projects under this call.

### **Will state aid rules apply to this call?**

Yes, where an application involves support for an 'undertaking', that support must be compatible with state aid rules. For advice on State Aid rules, please see the Department for Business, Innovation and Skills website at:

<http://www.bis.gov.uk/policies/europe/state-aid/advice-on-state-aid>

and the European Commission's Europa website at:

[http://ec.europa.eu/competition/state\\_aid/overview/what\\_is\\_state\\_aid.html](http://ec.europa.eu/competition/state_aid/overview/what_is_state_aid.html)

State aid compliance is the applicant's responsibility, and they may wish to consider obtaining legal advice on this matter.

In terms of State Aid, there are three potential levels of State Aid. These are to (1) the applicant (2) the users of the facility and (3) the providers of the services. It is for the grant applicant to identify a State Aid compliant route to provide their service.

### **Can the Regional Growth Fund (RGF) be used to match fund ERDF support?**

The Regional Growth Fund is designed to encourage enterprise, growth and jobs in the private sector and support regions that are dependent on the public sector and is a potential source of match funding for ERDF projects. We will work with the RGF Secretariat to align the RGF application process with this Call for Activity under ERDF Priority Axis 1 to co-ordinate the assessment and appraisal of bids seeking support from both funds. Projects seeking RGF and ERDF support will need to satisfy the relevant criteria for both funding programmes.

Any projects wishing to discuss proposals for RGF and ERDF jointly funded projects or seeking further advice on ERDF eligibility and contract requirements should contact the PDT East Midlands team at:

[EM.ERDFENQUIRIES@communities.gsi.gov.uk](mailto:EM.ERDFENQUIRIES@communities.gsi.gov.uk)

For more information on the Regional Growth Fund please visit:  
[www.bis.gov.uk/policies/regional-economic-development/regional-growth-fund](http://www.bis.gov.uk/policies/regional-economic-development/regional-growth-fund)

## Annex 1 - ERDF Eligibility Conditions

The following eligibility conditions apply to all English ERDF Convergence and Regional Competitiveness and Employment Operational Programmes. Further detailed guidance regarding the eligibility of activities / costs etc. is available in the National ERDF Handbook ERDF-GN-1-001 and ERDF Eligibility Rules ERDF-GN-1-002 on the website:<https://www.gov.uk/erdf-national-guidance>

Applications to the East Midlands Programme will also be subject to the Core Selection Criteria and the OA Assessment Guidance ERDF-GN-2-002 and processes described at Chapters 6 & 7.

### **ELIGIBLE ACTIVITIES (with restrictions where appropriate)**

Only ERDF projects that comply with the Priority Axes in the relevant OP will be selected for approval. However, the following, non-exhaustive, list of activities, based on the priorities identified in the National Strategic Reference Framework, should be eligible:-

#### **Innovation and Knowledge**

Knowledge networks and cluster; support for businesses on intellectual asset management; encouraging creativity of new ideas in businesses; building capability of businesses; funding for R&D; strengthening access, through integrated services, for business through HE centres; awareness raising activity; innovation/incubation centres; research into environmental technologies and renewable energy where this can lead to an economic benefit.

#### **Enterprise and Growth**

Marketing and promotion of enterprise to young working people through innovative means; tailored support to start-up businesses, such as business strategy planning, marketing support business collaborations and partnerships; specialist support to help businesses improve their environmental performance, including identifying new opportunities presented by changing environmental standards; enabling businesses to compete internationally, through awareness raising seminars and workshops,

providing communications infrastructure; supporting businesses in environmental technology sector, through supply chain development, partnerships and collaboration, access to specialists, financial initiatives, incubation and managed workspace and e-business activities.

### **Sustainable Communities**

Refurbishment of premises for creation of local enterprise facilities; business support for under-represented groups such as women and ethnic minorities; access to finance, social enterprise support in deprived communities; environmental and small scale neighbourhood improvements.

### **Additional rules for supporting premises for companies/businesses**

The following rules apply to ERDF support for the development of premises for enterprises:

- i. the rent requested from the tenants should be at the prevailing market rate in the area;
- ii. Where it is proposed that there will be a mix of large firms and SMEs in occupation, there is a need to demonstrate how the presence of large firms will benefit the SME community and that there will be no State Aid or anti-competitiveness implications;
- iii. the premises should not be constructed to meet the specific requirements of a single user for the economic life time of the investment;
- iv. Productive activities which enable the creation or maintenance of permanent jobs are eligible as tenants. Non-productive activities, such as retail facilities or the provision of services to the public for payment, are ineligible;
- v. Demand within the programme area, in terms of size and type of premises, must be demonstrated either by evidence on market failure in the eligible area, full occupancy of similar units in the area or by enquiries from potential occupiers; and
- vi. It must be recognised, however, that it may be difficult to judge beforehand the type and size of companies that will move into the site. If the applicant is unable to give clear assurances, such factors as previous usage - if the site is being modernised, the facilities being made available and the type of location will need to be considered. This will need to be judged at the appraisal stage, but in many cases the outcome will need to be checked during monitoring.

### **State Aid implications**

Where a project or scheme contains State Aid within the meaning of Article 87 of the EC Treaty, then appropriate legal cover is required. The European Commission has recently approved a new General Block Exemption Regulation and there are also a number of new areas where the Commission has judged aid to be compatible, without the need for approval, if a number of criteria are met. Further details are available on the Department for Business Innovation and Skills website at:

<http://www.info4local.gov.uk/documents/publications/2142069>

## **Capital projects**

Capital projects most likely to attract ERDF support are those concerned with the provision of basic services or communications for existing and future industry and commerce. There must be a clear and demonstrable link between a project and the industrial or economic development of the Programme area. The project must also show that it will lead to a genuine improvement of facilities - a straightforward replacement project (eg a sewer with no increase in capacity) would not be likely to attract grant, neither would **works of essential repair or maintenance**.

There is a wide range of infrastructure provision which may receive grant, as permitted in a programme. Listed below are examples of some of the types of capital projects which can be supported under the 2007-13 round of programmes, although the list is by no means exhaustive:

- i. Small scale transport investment. Major transport infrastructure, such as airports, railways, bridges or major roads will be ineligible in Competitiveness programmes, but can be supported under the Convergence programmes if there is provision in the OP. Promoting clean and sustainable transport, particularly in urban areas is specifically supported in Article 5 of the ERDF Regulation. Where they are integral to the project, the provision of access roads to new business and/or R&D facilities supported by ERDF are eligible. In addition, the costs of publicity and signage, for public or community transport provision are eligible for ERDF;
- ii. Infrastructure, such as sewerage, drainage and flood protection works associated with the provision of eligible activities such as business and R&D premises;
- iii. Landfill waste disposal sites can receive assistance, where all or part of the waste is from industry, provided that the site will ultimately be returned to open space or agricultural use after completion of tipping and remains in public ownership;
- iv. Tourist infrastructure projects designed to attract or retain visitors from outside the area and which will sustain or generate local jobs and revenue by, for example, increasing the use and/or provision of hotel bedrooms. Facilities which primarily serve local people are not to be encouraged, and evidence of expected use by visitors from outside the area is essential;

- v. Workshop units and managed workspace can receive ERDF support where they are to be occupied by eligible companies and / or organisations;
- vi. Brownfield land clearance. The land reclamation and associated works are eligible for ERDF grant where they are consistent with the Programme. Comprehensive applications covering reclamation, site servicing and preparation for final use are preferred to separate applications covering different aspects of the work. In cases where reclaimed sites are to be sold or leased to the private sector, local authorities must certify that land will be disposed of at a market value rate for unspoiled land;
- vii. Environmental capital works, particularly where they are linked to biodiversity and investments in NATURA 2000 sites, can be assisted if they are part of a project contributing to the economic development of the programme area, such as improvement of town centres and other prominent sites or buildings;
- viii. Infrastructure projects for R&D, training and business development, where not covered above, are also eligible for support within the terms of the Programme.

Capital projects may include preliminary expenditure to cover the costs of site investigation works, site surveys, environmental appraisals and/or feasibility studies. These must be identified in the full application and form part of the original grant offer. Appropriate milestones and outputs should be identified to enable any subsequent re-assessment of the application to establish if the project remains viable.

## **Overheads**

Overheads are eligible expenditure provided they are based on real costs which relate to the implementation of an ERDF project and are allocated *pro rata* to the operation according to a duly justified fair and equitable methodology. Indirect Overheads, based on the TRAC Methodology are not eligible under this call.

## **Financial Charges and Guarantee Costs**

Under Article 49 of the Implementing Regulation, the following charges and costs are eligible for ERDF:-

- Charges for transnational financial transactions (most likely to arise under Transnational Co-operation programmes);
- Bank charges for opening and administering a bank account, where the implementation of an operation requires a separate account to be opened;
- Legal consultancy fees, notary fees, costs of technical and financial experts, and accountancy and audit costs, if they are directly linked to the ERDF operation and are necessary for its preparation or implementation or, in the

- case of accounting and audit costs, if they relate to requirements imposed by the Managing Authority; the cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by National or community legislation; and
- The cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by National or Community legislation.

### **Value Added Tax**

VAT that derives directly from the project and which is not recoverable may be eligible but precise rules are complex and if there is any doubt advice should be sought from HMRC.

### **Salary related costs**

Redundancy payments are eligible for ERDF, where the employees' employment contract includes them. Indeed, the Community Law 2002 abolished the use of fixed term contracts without redundancy.

Similarly, if they are written into an employment contract, sick leave and/or maternity payments are an eligible cost. The costs of employing a temporary replacement for an employee away on maternity leave are also eligible for ERDF. However, this may result in an overall increase in staff costs for the project the applicant would need approval to amend the budget.

All staff supported by ERDF must have it stated in their contracts of employment that they are part-financed by European Regional Development Fund funding from the European Union.

### **Environmental Sustainability**

Environmental sustainability is a cross cutting theme for all the English ERDF programmes and can be the key theme for an eligible ERDF project, as long as it also contributes towards the economic development of the area in which it is located. Examples of the types of project which might be supported include:

- working with research centres and further and higher education organisations to design and develop products responding to environmental and energy related opportunities;
- incorporation of exemplar environmental specification into low/zero carbon new and/or refurbished business workspace;
- installation of electricity and heat generating systems and distribution networks to supply low carbon heat and electricity to businesses and employment sites;

- installation of on-site renewable energy systems and distribution networks to supply renewable energy to businesses and employment sites to improve their environmental performance;
- physical environmental improvements in and adjacent to employment sites, to create green and open space that provides environmental, social and economic benefits to the business and wider community by contributing to the creation of accessible sustainable business settings and locations;
- establishment of new capital loan and investment funds targeting sustainable urban regeneration activity to ensure that it incorporates good practice environmental specifications as well as energy, water and waste infrastructure.

### ***INELIGIBLE ACTIVITIES***

Eligibility of projects will need to be considered on the basis of individual applications. However, projects which should not be assisted include those that fall within the following sectors:

- (i) Those covered by EC sectoral restrictions: These include the production of synthetic fibres, textiles and clothing, motor vehicles, shipbuilding, coal and steel, agriculture and Annex 1 food processing. As these restrictions apply to aid to the manufacturing sector, they are unlikely to apply directly to ERDF projects.
- (ii) Banks and insurance companies. These should not be directly offered grant, as it would be anti competitive, although they would be acceptable as supporting members of a consortium or as co-financers of a Venture Capital Fund or other loan fund;
- (iii) Establishments providing generalised (school age) education. However, specialised activities involving technical education or vocational training, even at university level, may be eligible;
- (iv) Provision of local social welfare facilities eg hospitals, nursing homes, fire stations, day nurseries, child-minding facilities, sports facilities, parks, public libraries when these are not directly linked to activities of an economic nature specifically related to the objectives of the Operational Programme;

Note also that the following activities are not normally eligible:

- (v) Retail facilities. The general principle is that support for retail facilities will not assist economic development and that improved performance for one facility will displace similar activity elsewhere. There may be rare exceptions, for instance under Sustainable Communities Priorities, where the provision or improvement of a retail outlet is an important integral part of a general economic development strategy. Where a cultural or tourism benefit can be demonstrated, retail facilities as part of a craft workshop might be supported;

- (vi) Coastal protection, soil conservation and infrastructures; all with an exclusively agricultural bias, reafforestation and prevention of forest fires, in so far as such infrastructures can be financed under EAFRD.
- (vii) That proportion of public expenditure incurred in land acquisition not directly linked to productive investment or investment in infrastructure.
- (viii) Building and renovation of housing, although, as part of a wider strategy to regenerate the area, improvement of external estates and prominent buildings in key locations can be supported where this is closely linked to OP objectives.
- (ix) Major infrastructure in ports, on the grounds that port developments and port operations should not need public subsidy. Furthermore, it could distort competition between ports. Subsidy tends to spread the problems caused by excess capacity and can be damaging to otherwise healthy neighbouring ports.

### ***INELIGIBLE COSTS***

To be eligible, costs must be evidenced as defrayed through the project bank account  
 In addition to the activities listed above, the following individual costs are not eligible for ERDF support:

- notional costs, for example, where an item usually retails at £x, but the applicant buys it cheaper but claims the difference between the price paid and £x;
- payments for activity of a political nature;
- depreciation or impairment of assets purchased with ERDF;
- provisions;
- contingencies and contingent liabilities;
- dividends;
- interest or service charges arising on finance leases, hire purchase and credit arrangements;
- costs resulting from the deferral of payments to creditors;
- costs involved in winding up a company;
- payments for unfair dismissal;
- compensation for loss of office;
- bad debts arising from loans to employees, proprietors, partners directors, guarantors or shareholders;
- payments for gifts and donations;
- entertainments;
- statutory fines and penalties;
- criminal fines and damages;
- legal expenses in respect of litigation;
- costs incurred by individuals in setting up and contributing towards private pension schemes, or the setting up of such schemes by organisations in receipt of ERDF;

- costs incurred by organisations in relocating personnel displaced by the refurbishment or conversion of a building for ERDF use;

## **Revenue generating projects**

In accordance with Article 55 of the General Regulation, the definition of a revenue generating project is any operation involving an investment in infrastructure the use of which is subject to charges borne directly by users, or any operation involving the sale or rent of land or buildings or any other provision of services against payment.

The Commission has further reiterated that while projects which generate revenue may be supported by ERDF, any anticipated revenue should be deducted from the eligible expenditure at the time of the offer of grant. The ERDF grant should be based on eligible expenditure alone, excluding anticipated revenue. If it is not possible to calculate the anticipated revenue, the revenue to be generated within five years of the completion of the project should be deducted from the eligible expenditure.

All projects generating revenues (income) must complete the Article 55 Gap Funding ERDF PA1 Revenue Generation Calculator Spreadsheet, available on the website, and comply with the reporting requirements, which can be upto 15 years, during which time clawback of grant may be required. Please see the following webpage for the guidance on Article 55 Revenue Generating Project Requirements: <https://www.gov.uk/erdf-national-guidance>

## ***INELIGIBLE MATCH FUNDING***

Contributions in kind are ineligible for ERDF, except in cases where a clear valuation can be made, such as the donation of a building or land by a third party organisation. This must be supported by a current independent valuation, as per the guidance in the Sharepoint User Manual under Eligibility in Chapter 2. Discounted sales of equipment, the provision of volunteers' time, the discounted provision of services or advice (e.g. solicitors', accountants' or SME staff time) **are ineligible**.

## Annex 2 -East Midlands ERDF 2007-13 Performance Output and Result Indicators

There follows the ERDF PA2 Outputs, Results and Outcomes that Priority Axis 2 requires from the East Midlands Operational Programme, and the Output indicators terms and definitions. For the latest details of Outputs and Results please refer to ERDF East Midlands Output and Result indicators at: <https://www.gov.uk/erdf-regional-guidance-east-midlands>

### Outputs expected from Priority Axis 1

Output	Target
No of businesses assisted to improve performance	5,600
No of businesses engaged in new collaborations with the UK knowledge base	2,300
Public and private investment leveraged (€)	87,000,000
Sq metres of new or upgraded floor space (internal premises)	17,000

As might be expected, Priority Axis 1 accounts for all of the expected new collaborations with the UK knowledge base and, despite the more expensive higher value added types of support provided under this Priority Axis, it accounts for more than half of all businesses supported under the Programme.

### Results expected from Priority Axis 1

Result	Target
No of jobs created	2,400
No of businesses improving performance	3,900
GVA (€) resulting from businesses improving performance	146,000,000
No of graduates placed in SMEs	4,000
No of new businesses created and new businesses attracted to the region	400

### Impacts expected from Priority Axis 1

Impact	Target
Increase in GVA (€)	115,000,000
Increase in employment	1,400
Increase in businesses	200

### Outputs expected from Priority Axis 2

Output	Target
No of businesses assisted to improve performance	3,700
Public and private investment leveraged (€)	129,000,000

Sq metres of new or upgraded floorspace (internal premises)	19,000
No of people assisted to start a business	2,700
Brownfield land reclaimed or redeveloped (ha)	17

### Results expected from Priority Axis 2

Result	Target
No of jobs created	6,200
No of businesses improving performance	3,300
GVA resulting from businesses improving performance (€)	118,000,000
No of new businesses created and new businesses attracted to the region	1,600

### Impacts expected from Priority Axis 2

Impact	Target
Increase in GVA (€)	106,000,000
Increase in employment	3,000
Increase in businesses	500

## OUTPUT INDICATORS

Business support – Number of businesses assisted to improve their performance	
Terms	Definitions
<b>Unit of Measurement</b>	No. of businesses/enterprises
<b>Business/Enterprise</b>	The 3 main types of business are sole proprietorships, partnerships and companies. For more information see Output 2.
<b>Support</b>	This is a minimum of either <ul style="list-style-type: none"> <li>• 2 days active consultancy advice or other non-financial assistance (1 day = minimum of 6 hours activity i.e. it excludes lunch and other breaks), or</li> <li>• grant, or equivalent, of at least £1,000.</li> </ul>
<b>Assistance</b>	Provision of consultancy support, information, diagnostic advice and guidance to individual businesses, located within the region  The assistance can be personal face-to-face, telephone or web-based dialogue at conferences, seminars, workshops or through networks.  Activities should support the project objectives and be directed to improving the performance of the business. These may include support for:  Management / leadership; corporate and social responsibility e.g. awareness raising on statutory and legal responsibilities; participation in new supply chains; marketing use of R&D; process and resource efficiency e.g. in use of ICT, waste management environment management ; quality assurance
<b>Counted</b>	It is counted when a business has received a <u>minimum</u> of 2 days active consultancy advice information, diagnostic and brokerage or other non-financial assistance, or a <u>minimum £1,000</u> grant or equivalent  Within a <u>project</u> a business can only be counted once irrespective of the number of times or forms of assistance it receives.

	Within a <u>programme</u> a business may be counted each time it receives assistance through a different project or intervention strand.
<b>Exclusions</b>	Distribution of mail-shots and brochures (electronic or hard copy).
<b>Verification Evidence</b>	<b>Business</b> - Name, Address inc post code, Tel no. Contact details. Ownership. Type of business <b>Assistance</b> – Standard form (signed by Finance Director) confirming consultancy support provided and hours. Date(s) assistance received. Copy of grant letter to business/receipt
<b>Notes</b>	Business is the term commonly used in the UK; the EU equivalent term is enterprise. The outcome or result measure is those with improved performance (see R3). In counting the output there is no need to demonstrate performance improvement; this is the outcome measure which will be assessed during the project evaluation. Identifying the benefits by size of business supports the Government's <a href="#"><u>Impact Assessment</u></a> approach.

<b>Business support – Businesses engaged in new collaborations with the knowledge base</b>	
<b>Terms</b>	<b>Definitions</b>
<b>Unit of Measurement</b>	No. of businesses/enterprises
<b>Business/Enterprises</b>	The 3 main types of business are sole proprietorships, partnerships and companies (see Core Output 2) The business assisted must be located within the region.
<b>Support</b>	The minimum level of support is 2 days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000. It may be provided prior to or during the collaboration; and directed at the business and/or the knowledge base unit involved in the collaboration.
<b>New collaboration</b>	A first involvement between at least one business and one knowledge base organisation. It includes the first collaboration by a business with a department within a knowledge base organisation.
<b>Knowledge base</b>	Includes UK Public Sector Research Establishments (PSRE) or equivalents, Research and Development Organisations (RDOs), Research and Technology Organisations (RTOs), Higher Education and Further Education Institutions. Knowledge transfer is about transferring good ideas, research results and skills between the knowledge base and business to enable innovative new products and services to be developed and includes: <ul style="list-style-type: none"> <li>• research collaborations and free dissemination of research</li> <li>• contract research on behalf of industry</li> <li>• licensing of technology to business users</li> <li>• the sale of services, data and software</li> <li>• formation of joint ventures and spin-out companies.</li> </ul>
<b>Counted</b>	It is counted when the collaboration with a business starts. Each business involved in the collaboration may be counted if this is their first involvement with that department of the knowledge base organisation.
<b>Exclusions</b>	Businesses that receive assistance for the same collaboration more than once within a project and within the time period as this would be double counting. Distribution of mail-shots and brochures (electronic or hard copy).
<b>Verification Evidence</b>	<b>Business</b> - Name, Address inc post code, Tel no. Contact details. Ownership. No. of employees. Date assistance received. <b>Assistance</b> – Standard form (signed by Finance Director) confirming consultancy support provided and hours. Date(s) assistance received. Copy of grant letter to business/receipt <b>Knowledge Base</b> - Name, Address inc post code, Tel no. Check it is included in the

## Business support – Businesses engaged in new collaborations with the knowledge base

Terms	Definitions
	<p>categories above. The name of the Department involved in the collaboration. Contact details.</p> <p><b>New collaboration</b> - Letter of agreement for collaboration/memorandum of understanding, which states what each partner is going to put in /receive from the collaboration, confirm it is their first involvement in an activity signed by senior officers of each organisation.</p>
<b>Notes</b>	<p>The output is a subset of O3 and its aim is to measure is the number <b>of businesses</b> engaged in collaboration with the knowledge base.</p> <p>The purpose is to encourage businesses (demand side) to collaborate with the knowledge base (supply side) to transfer knowledge and encourage innovation. The activity should be additional to supply side programmes e.g. Faraday, LINK etc.</p> <p>A collaboration between:</p> <ul style="list-style-type: none"> <li>• 1 business firm and 3 new knowledge base organisations = 1.</li> <li>• 3 businesses and the same knowledge base organisation = 3.</li> </ul> <p>PSREs are public sector organisations that carry out research and include Research Council Institutes (including Centres, Surveys and Units), NHS Trusts and research institutions owned by Government Departments. More information may be found on them on the BERR website under <a href="#">Public Sector Research Exploitation Fund</a>; the current fund guidelines identify PSREs.</p>

Financial- Public and Private Sector Investment Levered.	
Terms	Definitions
<b>Unit of Measurement</b>	£million
<b>Public Sector</b>	Public sector organisations other than the funding RDA e.g. GO, English Partnerships, Learning Skills Council (LSC), Lottery funders, local authorities etc.
<b>Private Sector</b>	Includes businesses, registered charities, not for profit organisations, private individuals and FE/HE institutions (where the funding cannot be traced to a public source).
<b>Investment</b>	<p>The gross funding provided to cover the project costs, including investment in fixed assets, working capital and in-kind contributions, from the funding bodies.</p> <p><i>In-kind contributions</i>: non-monetary contributions made by individuals or organisations that add value to a project and can be given a monetary value e.g. cash equivalent of peoples time (committees, mentoring, volunteering), equipment, materials, accommodation etc donated to the project. To be eligible for inclusion the contributions in kind must be auditable i.e. factual evidence must be provided. For example, where an employee of a firm or a private person gives up part of their paid working time to assist with a project, their salary costs for the time spent on the project can be counted as private sector leverage.</p> <p>Note that ERDF In-kind contributions <b>must</b> be in line with ERDF eligibility rules as defined in the User Manual</p>
<b>Leverage</b>	<p>For RDA Single Budget projects includes all other financial contributions and those in-kind contributions where assets e.g. buildings/land are donated.</p> <p>For ERDF these are funds which are not part of the eligible expenditure as contained in the funding agreement.</p>
<b>Counted</b>	<p>The levered investment is counted when it is defrayed or spent by the project.</p> <p>Reporting on this output will be calculated by:</p> <p><b>RDA Single Budget (£m) = SB</b></p> <p><b>ERDF investment (£m) in the project = ERDF</b></p>

	<p><b>Public Sector Leverage (£m)</b></p> <ul style="list-style-type: none"> <li>• <b>SB</b> Sum of the other public sector investment including ERDF and match funding but excluding Single budget in the project <b>A£m</b></li> <li>• <b>ERDF</b> Sum of the other public sector investment excluding ERDF and match funding in the project <b>B£m</b></li> </ul> <p><b>Private Sector Leverage (£m)</b></p> <ul style="list-style-type: none"> <li>• Sum of the all the private sector investment (£m) in the project, including monetarised in-kind contributions. <b>C£m</b></li> </ul> <p><b>Total value of levered investment (£m)</b></p> <ul style="list-style-type: none"> <li>• <b>SB = A+C</b></li> <li>• <b>ERDF = B+C</b></li> </ul>
<b>Exclusions</b>	<p>Any expenditure on the project by any public or private sector funder prior to the project being approved and contracted by the RDA.</p> <p>Investment subsequent to the project by other public sector and/or the private sector as this is an outcome measure.</p>
<b>Verification Evidence</b>	<p><b>Public and private sector organisations</b> – For each funder their name, address, contact details, status of organisation or individual &amp; organisation/business they represent. For public bodies check their status <a href="#">here</a>.</p> <p><b>Gross Funds Received:</b>            Public – copy of grant letter from contributor            Private – copy of receipts for each contributor's financial contribution.</p> <p><b>Gross Funds Spent</b>            Recipient statement (signed by Finance Director) when spent and on what.            Validate through the recipient accounts and primary records e.g. invoices/receipts.</p> <p><b>In-kind contributions</b> – Recipient statement (signed by Finance Director) on what was provided (people, premises, plant/equipment/ materials), its financial value (receipts/ invoices) and how it was used.</p> <ul style="list-style-type: none"> <li>• <b>People</b> – signed record of person time spent on the project, pay rate (hours x pay).</li> <li>• <b>Premises provided</b> – details and address of accommodation. Standard form or letter signed by Finance Director from business providing it on value of accommodation and overheads.</li> <li>• <b>Plant/Equipment/materials donated</b> – evidence of market value e.g. invoice/copy of receipts.</li> </ul>
<b>Notes</b>	<p>For first bidding or commissioning round, any expenditure on the project by any public or private sector funder since 1 January 2007 may be included. Thereafter, any expenditure prior to issue of the ERDF offer letter is excluded.</p>

<b>Regeneration – Sq metres of new or upgraded floorspace (internal premises)(m<sup>2</sup>)</b>	
<b>Terms</b>	<b>Definitions</b>
<b>Unit of Measurement</b>	Area m <sup>2</sup>
<b>Internal Floorspace</b>	The entire area inside the external walls of a building including corridors, lifts, plant rooms, service accommodation
<b>New or upgraded</b>	New buildings constructed as part of the project. Upgraded buildings refurbished, improved or adapted for productive use as part of the project.
<b>Counted</b>	To be eligible to be counted the building must be on Brownfield land reclaimed and /or redeveloped (see Regeneration – Brownfield land reclaimed and/or redeveloped indicator) On the practical completion of the works.

<b>Exclusions</b>	Excludes internal walls. It cannot be counted when the only activity is the purchase of an existing building. Greenfield developments are not eligible.
<b>Verification Evidence</b>	Address of premises including postcode. As built drawings showing floorspace
<b>Notes</b>	This measures the new floorspace available for use in the region.

<b>Business support – Number of people assisted to start a business</b>	
<b>Terms</b>	<b>Definitions</b>
<b>Unit of Measurement</b>	No. of pre-starts
<b>People assisted</b>	A person must not be trading yet but enquiring about or trying to start up for trading. It can include; <ul style="list-style-type: none"> <li>• individuals and groups (community, not for profit, other) who are seeking support to start a business;</li> <li>• HEIs and others seeking to start spin out companies</li> <li>• An SME that is less than 12 months old and not trading.</li> </ul>
<b>Assistance</b>	Support activities may include advice and guidance e.g. to develop business plans, marketing strategies; support for trade fairs; support to develop business skills. This can be provided through a minimum of: <ul style="list-style-type: none"> <li>• 2 days counselling, mentoring, information provision, training or other non-financial assistance, or</li> <li>• grant (or equivalent) of at least £1,000.</li> </ul>
<b>Counted</b>	It is counted when the pre-start has received a <u>minimum</u> of 2 days active support, or a <u>minimum</u> £1,000 grant or equivalent. The pre-starts can only be counted once within a project irrespective of the number of times or forms of assistance received.
<b>Exclusions</b>	Travelling time to clients is excluded.
<b>Verification Evidence</b>	Details of the provider of any support (name, address etc). Details of the assistance provided to the person assisted to include a record of hours of assistance; names and addresses of people assisted, the activities undertaken. Copy of receipts for grant or equivalent signed and dated by recipient. Evidence of business proposal documents, a business plan, marketing strategy, training undertaken, attendance at trade fairs etc.

<b>Regeneration – Brownfield land reclaimed and/or redeveloped (Ha)</b>	
<b>Terms</b>	<b>Definitions</b>
<b>Unit of Measurement</b>	Area in hectares (Ha).
<b>Brownfield land</b>	Includes contaminated, derelict or previously developed land (PDL) which is or was occupied by a permanent structure (excluding agricultural or forestry buildings), and associated fixed surface infrastructure within the curtilage of the development. In all cases the RDA activity must comply with the polluter pays principle. Categories covered may

	<p>include:</p> <ul style="list-style-type: none"> <li>▪ previously developed vacant land;</li> <li>▪ vacant buildings unoccupied for a year or more;</li> <li>▪ derelict land and buildings;</li> <li>▪ land or buildings, currently in use, allocated for development in the adopted plan or having planning permission<sup>5</sup>;</li> <li>▪ land or buildings currently in use where it is known there is potential for redevelopment but sites do not have any plan allocation or planning permission;</li> <li>▪ defence buildings</li> <li>▪ land used for mineral extraction and waste disposal.</li> </ul>
<b>Reclaimed and redeveloped</b>	<p>Total number of hectares of brownfield land reclaimed to an acceptable condition and/or redeveloped into effective use. The project activities are limited to:</p> <p>1. <i>Reclaimed</i>: making the land fit for use by:</p> <ul style="list-style-type: none"> <li>• removing physical constraints to development or improving the land for soft<sup>6</sup> or hard end use;</li> <li>• providing services to open it up for development e.g. provision of utilities and service roads<sup>7</sup>.</li> </ul> <p>Reclamation activities may include:</p> <p>dealing with contamination, existing surface and buried structures, stabilisation, levelling, provision of flood defences provision of utilities and other services environmental improvements or enhancements</p> <p>2. <i>Redeveloped</i>: developing a site and putting up a new building or refurbishing an existing building e.g. construction of premises (commercial, housing, industrial, retail), new plant and equipment, fitting out of premises etc</p>
<b>Counted</b>	<u>Count</u> outputs at practical completion of the works. Where a site is reclaimed in phases count the hectares when each phase is completed.
<b>Exclusions</b>	<p>Land and buildings currently used for agricultural or forestry purposes;</p> <p>Land in built-up areas not previously developed e.g. parks, recreation grounds, allotments, cemeteries;</p> <p>Land previously developed but where the remains of any structure or activity has blended into the landscape in the process of time e.g. amenity use, contribution to nature conservation.</p> <p>It can not be counted when the only activity is the purchase of the land, building or site.</p>
<b>Verification Evidence</b>	<p><b>Type of Assistance - Reclaimed and/or Redeveloped</b></p> <p><b>Site area</b> – full postal address inc postcode, Land registry record /deeds; Local Authority/NLUD register details (for previous use to ensure not excluded category).</p> <p><b>Contaminated land</b> - completed <b>Land Condition Record</b> and Remediation Complete Certificate.</p> <p><b>Works</b> - Certificate of Practical Completion of the Works. QS certification of works carried out e.g.:</p> <ul style="list-style-type: none"> <li>• site services/utilities and infrastructure</li> <li>• foundations laid</li> <li>• walls and roof built</li> <li>• landscaping completed</li> </ul>
<b>Notes</b>	This is not a subsidiary indicator of the core output. Its purpose is to identify all the

<sup>5</sup> Note that the CLG version changed this to a non standard terminology that added no value and not repeated here.

<sup>6</sup> Soft end use means that the site is left substantially undeveloped for amenity, leisure, agricultural, forestry or other environmental use.

<sup>7</sup> Note that these are not eligible costs under the State aid Land Remediation scheme.

	brownfield land that the RDAs have reclaimed and redeveloped. Using the project logic chain approach results might include ha transferred to a productive use by major land use types (include open space as a productive use), increased rental/rateable value of the property; % change in floor space stock by type of use.
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## RESULT INDICATORS

It is important that project identifies the result/impact data requirements in order to have the data to analyse during evaluation. This data is normally collected following the project intervention as part of the project evaluation activities. For projects expected to last for several years an interim evaluation is carried out, and provisional outcomes might be collected to ensure the project is on course to deliver its expected benefits.

Jobs created	
Terms	Definitions
<b>Unit of Measurement</b>	No. of jobs
<b>Jobs created</b>	<p>It must be a new, permanent, paid, full time equivalent (FTE) and must not be covered under the exclusions.</p> <p><b>New</b> = should not have existed in the region or with that employer in the UK before the intervention and should be a direct result of the intervention</p> <p><b>Permanent</b> = should have a life expectancy of at least 1 year from the point at which it is created.</p> <p><b>FTE</b> = paid work of 30 hours or more per week. Convert part time jobs to FTE either:</p> <ul style="list-style-type: none"> <li>• on a <i>pro rata</i> basis based on hours worked; or</li> <li>• 2 part time jobs = 1 FTE, where no other information available (i.e. EC approach).</li> </ul>
<b>Counted</b>	Jobs created are a result when the jobs follow after the project intervention has ended e.g. when a speculative development to build a new factory is sold on the market and a firm purchases it the subsequent jobs are the outcome.
<b>Exclusions</b>	<p><i>Inputs</i> to the project such as:</p> <p>jobs to set up or deliver the project e.g. management/administrative staff, consultancies, or temporary contractors</p> <p>Construction jobs integral to the delivery of a project (e.g. those who remediate a site or construct premises), even if they last for more than a year.</p> <p><i>Seasonal jobs</i> which are incidental to the project</p> <p><i>Transferred jobs</i> which are a result of a company moving either within the region or from other English regions or UK devolved administrations are not new jobs. These may be included as safeguarded jobs but only where the relocation is part of a rationalisation programme which will safeguard jobs by moving them and otherwise meet the criteria above.</p> <p><i>Occupancy of the post</i> - the job must not be counted again if it is filled over time by different individuals.</p>
<b>Verification Evidence</b>	<p><b>Business</b> - Name, Address inc post code, Tel no, Contact details. Ownership. No. of employees.</p> <p><b>Job</b> – title of the new/attracted job, contract of employment with expected start date of</p>

	employment & duration (must be 1 year or longer or for seasonal jobs 4 weeks per annum), hours of work (for FTE calculation). On completion a letter or standard form (signed by employer) from employer confirming new jobs are a result of the project. If job location is different from business address obtain details.
<b>Notes</b>	The unit of measurement is the <b>job</b> and <b>not</b> its occupant. However, to assess who benefits from the job analyse the first post occupant by gender, race, age, disability. Within a project this output may be associated with other complementary outputs e.g. Core Output 3 <i>Business creation</i> providing there is a direct relationship between the project activity and the outputs forecast and claimed. Construction jobs created in the region as part of a cluster development project may be counted provided they are not part of the project inputs excluded above.

Businesses improving performance (£GVA)	
Terms	Definitions
<b>Unit of Measurement</b>	No. of businesses/enterprises
<b>Improved Performance</b>	Measured through increase in GVA.
<b>GVA</b>	Total wage costs + net profit before tax and interest + depreciation (Business Link).
<b>Counted</b>	Those businesses counted under O3 which have had an increase in their GVA against the baseline before the project intervention(s) and following it. Data required to calculate GVA can be obtained from the business/enterprise Annual Report. There is likely to be delay between the project activities and the realisation of improvements in GVA. Where business performance was expected to have reduced in the absence of the intervention, an improvement may be recorded if the intervention has resulted in a lesser fall.
<b>Exclusions</b>	Any business <b>not</b> included in the project that delivered business support outputs (O3).
<b>Verification Evidence</b>	<b>Business</b> - Name, Address inc post code, Tel no. Contact details. Ownership. No. of employees. Type of business <b>New business</b> – the company incorporation statement or letter from the <b>Owner/Chief Executive or Finance Director</b> to confirm it is a new company. <b>Start of trading</b> - Company Registration No./VAT No. and date of registration or NI Class 2 date of registration. <b>GVA</b> – use the data from the Company accounts.
<b>Notes</b>	Applying the project logic chain approach it may be expected that a successful project intervention should either lead to an increase in the business turnover or reduce cost of sales (materials/ bought in services). Both of these outcomes support sustainable job growth or safeguard an existing job. The difference between the two represents gross value added that finances sustainable wages or profits. Labour productivity is the gross value added divided by the actual employment. GVA is a useful measure of productivity. It shows the economic impact and taxpayer return, it is easy to calculate and unambiguous. It fits with RES and it can be benchmarked against ONS data. It has political acceptance. It is recognised that while the GVA result may not be a direct result of the project intervention and that other factors external to the project may have also contributed to the improved GVA or indeed have had a negative effect on it.

GVA resulting from businesses improving performance	
Terms	Definitions
<b>Unit of Measurement</b>	£
<b>GVA</b>	Total wage costs + net profit before tax and interest + depreciation.
<b>Counted</b>	Aggregate of GVA counted under <b>number of businesses improving performance</b> (where a business has shown an increase in GVA against the baseline before the project intervention(s) and following it).
<b>Verification Evidence</b>	As <b>number of businesses improving performance</b> .
<b>Exclusions</b>	Any business not included in the project that delivered business support outputs ( <b>number of businesses assisted to improve performance</b> ).

Graduates placed in SMEs	
Terms	Definitions
<b>Unit of Measurement</b>	No. of individuals who are graduates
<b>Graduates</b>	Person with NVQ4 or equivalent qualification awarded in the previous 3 academic years.
<b>Placed</b>	A graduate is placed when they actually start working in the SME.
<b>SMEs</b>	Use EU SME definition (see O3(b))
<b>Counted</b>	The date the graduate starts in the SME.
<b>Exclusions</b>	Non-graduates and graduates in large enterprises
<b>Verification Evidence</b>	<b>Individual</b> - Name, address, post code, evidence of the graduate qualification (signed certificate with name of awarding body and date awarded). <b>Business</b> - Name, address and evidence it is an SME
<b>Notes</b>	The placement may be for non paid and work experience opportunities, research assignments etc therefore the length of time of the placement is not relevant.

Business creation - Businesses created and/or attracted to the region	
Terms	Definitions
<b>Unit of Measurement</b>	No. of businesses/enterprises (see Notes).
<b>Business/Enterprise</b>	There are 3 main types of business/enterprise (i) sole proprietorships, (ii) partnerships and (iii) companies. All will be registered with HMRC for business tax; most but not all are governed by the Companies Act legislation. These include: <ul style="list-style-type: none"> <li>• start-ups of all sizes, whether or not VAT registered;</li> <li>• self-employed &amp; sole traders</li> <li>• partnerships/limited liability partnerships</li> <li>• companies (private or public limited companies; private unlimited companies)</li> </ul>

	<ul style="list-style-type: none"> <li>independent spin-outs from established businesses, universities and other research and development organisations;</li> <li>not for profit companies, co-operatives, community enterprises, social enterprises<sup>8</sup></li> <li>farm enterprises</li> <li>new to the region branches of businesses which remain established elsewhere in the UK (i.e. expansions)</li> <li>foreign direct investment (FDI) bringing new enterprises to the region; both first time investment and subsequent expansions</li> </ul>
<b>Business Created</b>	When a new business starts trading in the region and is sustained for at least 12 months as a direct result of the project intervention. <b>Starts trading</b> is the date when the business registers for VAT or registers for National Insurance (Class 2) contributions. Alternatively use the Business Link approach and use the date of the first transaction.
<b>Business Attracted</b>	These are: <ul style="list-style-type: none"> <li>new to the region branches of businesses which remain established elsewhere in the UK (i.e. expansions).</li> <li>foreign direct investment bringing new enterprises to the region, both first time investment and subsequent expansions from outside the UK</li> </ul>
<b>Counted</b>	<b>New business</b> - when it is still in operation 12 months after it started trading in the region. <b>Attracted business</b> – when it opens its premises in the region.
<b>Exclusions</b>	Businesses relocating within the region or from another English region or UK devolved administration The same business cannot be counted at different phases of its growth as this would be double counting.
<b>Verification Evidence</b>	<p><b>Business</b> - Name, Address inc post code, Tel no. Contact details. Ownership. No. of employees. Type of business</p> <p><b>New/attracted</b> – the company incorporation statement or letter or standard form to collect the data signed by a senior officer of the business e.g. the <b>Owner/Chief Executive or Finance Director</b> to confirm it is either:</p> <ul style="list-style-type: none"> <li>a new company and <b>still trading</b> or</li> <li>new branch operation of UK company or</li> <li>new overseas company or expansion of an overseas company.</li> </ul> <p>For new branches evidence that it is still trading in its original location(s). For attracted business date of opening.</p> <p>The statement/letter/form should include information on the nature of support provided by the project, how that led to it opening in the region, and the usefulness of support received.</p> <p><b>Start of trading</b> - Company Registration No./VAT No. and date of registration or NI Class 2 date of registration or the date of the first transaction where evidence can be produced to evidence it.</p> <p><b>Business Attracted</b> – date opened premises in the region.</p> <p><b>Evaluation</b> – contact business site visit/telephone/survey to confirm still trading.</p>
<b>Notes</b>	Business is the term commonly used in the UK, the EU equivalent term is enterprise.

<sup>8</sup> Businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners

## Annex 3 – Outline Application Form ERDF-Form-2-001

### Priority Axis 1 and Priority Axis 2 Challenge Fund – February 2013

An **Outline Application Form** should be completed for each project proposal. If you have more than one project idea you should complete a separate form for each idea.

You should ensure you have read the *East Midlands 2007-13 ERDF Competitiveness Operational Programme* and the **Priority Axis 1 and Priority Axis 2 - Call for Activity Prospectus** and all the Guidance Notes and National ERDF Handbook before you complete this form. All documents, including the Outline Application and all supporting forms are available to download at: <https://www.gov.uk/applying-for-erdf-funding>

Please note that if your application proceeds to full application stage, the information provided at that stage should be consistent with that provided in this Outline Application (accepting that further project development may have taken place). Please ensure that your proposed activities, performance indicators, costs and other information are as realistic and as accurate as possible before submitting your Outline Application. Supplementary documentation will not be considered at this stage and should not be submitted. Please assume that assessors have no prior knowledge of your organisation or project.

The closing date for 'large project' Outline Applications is **noon on Friday 22 March 2013**. The closing date for 'small project' Outline Applications is **noon on Friday 12 April 2013**. **Outline Applications submitted after that date will not be accepted.** Three original hard copy (with wet-ink signature) plus an electronic version must be submitted to:

#### ERDF PDT East Midlands Team

✉: ERDF Programme Delivery  
Team East Midlands  
Department for Communities  
and Local Government  
Third Floor, Building C,  
Cumberland Place  
Nottingham NG16HJ  
DCLG ERDF Website: <https://www.gov.uk/applying-for-erdf-funding>

☎: 0303 444 6427  
or : 0303 444 6432  
Email: [EM.ERDFENQUIRIES@communities.gsi.gov.uk](mailto:EM.ERDFENQUIRIES@communities.gsi.gov.uk)

# Outline Application Form - ERDF-Form-2-001

<b>1 Identification</b>	PDT USE ONLY MCIS Reference No.	
	Date Received	
Project Name		
Applicant name		
Theme/Call: where applicable		
Priority Axis		
Operational Programme		

## DCLG Disclaimer

There shall be no expectation of grant unless and until a Funding Agreement is signed by both parties. All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account and cannot be claimed as part of the project.

Please return the completed form and supporting documentation to the ERDF Programme Delivery Team (PDT) responsible for the Operational Programme. Contact details for each PDT are in the National ERDF Handbook.

**The Outline Application (OA) must be completed by the Applicant and submitted to the ERDF Programme Delivery Team for assessment before a project can be considered for funding from the ERDF 2007-13 Programme. This is to ensure the proposed project meets with the requirements of the relevant Operational Programme.**

**Applicants are strongly advised to read the National ERDF Handbook and related notes on eligibility, state aid, procurement, publicity, and Article 55 requirements before they decide to apply for ERDF.**

**Please read the associated Outline Application Form Guidance (ERDF-GN-2-001) carefully and seek any clarification from your PDT prior to submitting this form and supporting documents.**

## 2 Project Details

Project Sound Bite			
Project Location			
Project Start Date	Financial Completion Date	Practical Completion Date	

## Project Funding Summary \*

	ERDF (a)	Public Match Funding (b)	Private Match Funding (c)	Totals (d)	Contribution Rates (a)/(d) x 100
Capital	£00,000,000	£00,000,000	£00,000,000	£00,000,000	%
Revenue	£00,000,000	£00,000,000	£00,000,000	£00,000,000	%
Totals	£00,000,000	£00,000,000	£00,000,000	£00,000,000	%

\*Copy & Paste Project Funding Summary to identify Phasing In regions separately

## 3 Project Applicant

Address of applicant organisation including post code	
Contact Person	
Position in organisation	
Email:	
Telephone Number	
Type of organisation* (Refer to Guidance)	
*If applicable: Define category of SME	
Registered Number (company or charity)	
VAT Number	
Website	

--	--

#### **4 Delivery Partners**

Will you work with other organisations to deliver this project?	YES	NO	
If YES, complete the sections below for each partner.			

Name of partner organisation	
Contact Person	
Position in organisation	
Email:	
Telephone Number	
Address, including post code	
Type of organisation	
*If applicable: Define category of SME	
Registered Number (company or charity)	
VAT Number	
Website	

#### **5 Strategic Fit**

##### **5.1 Project Objectives and Description**

- What is the project going to achieve, the project's objectives should be **SMART** i.e. specific, measurable, achievable, realistic and timebound.
- Briefly explain what the project will do, why ERDF is required and what you will spend the funding on.
- What assets are being purchased through the project?
- Where and when will the project be delivered?
- How will it be delivered and operate?
- If the project relates to capital investment activity can you: (a) describe the timescale for securing planning permission; (b) confirm the RIBA stage achieved at the point of submitting this outline application; (c) confirm when you intend to go out to tender; and (d) confirm anticipated start on site.

- |   |
|---|
| <ul style="list-style-type: none"> <li>Where applicable (see local guidance) identify any ESF type activity and associated costs the project may include</li> </ul> |
|---|

**5.2 Linkage to ERDF Programme and relevant Plans**

Describe how the project will link to and deliver against the requirements of:

- the ERDF 2007-13 Operational Programme
- The Prospectus, call or theme to which the proposal is responding
- Other relevant local economic strategies, regional or national plans and / or strategies

**5.3 Support for the environmental and sustainability theme**

- How does the project maximise positive environmental impacts or mitigate potential negative impacts?

**5.4 Support for the equality and diversity theme**

- How have equal and diversity issues and opportunities been taken into account in this project?

**5.5 Use this box to explain how your proposal will meet any criteria specified in local guidance and not covered in 5.2 above.**

## 6 Rationale and Additionality

**6.1 Rationale**

- Explain why the project is needed and provide/refer to relevant evidence to demonstrate this need.
- Explain who wants this project and provide/refer to evidence to demonstrate this demand.
- What evidence of market failure is available and why is there a need for public sector funding? .

For continuation projects, i.e. those that have previously received ERDF from this programme, provide evidence of the continued need for support from ERDF, e.g. a recommendation arising out of an evaluation or independent review.

**6.2 Additionality**

- Why should the project be funded by ERDF ie how will the project meet additionality requirements?

## 7 Estimated Deliverables (Outputs/Results/Impacts), Costs and

## Funding

**Applicants must complete the tables in the Deliverables, Costs and Funding Annex.**

Please refer to the relevant prospectus for details of the indicator targets for the relevant Operational Programme

### 7.1 Project Deliverables

- How will the outputs and results support the delivery of the project's objectives described in section 5 and address the issues identified in section 6?

### 7.2 Please provide justification for the level of grant.

- Explain why the proposal might deviate from any cost/funding related criteria defined in the relevant prospectus, e.g. the ERDF requested is below the minimum threshold agreed by the LMC, the intervention rate varies from that specified.

## 8 Project Management Capacity and Risk

### 8.1 Describe the resources, knowledge, expertise and skills that you and any delivery partners have to deliver the project.

### 8.2 Provide details of previous and existing ERDF projects the project applicant has been involved in. Provide: name of project, role within project, start and end dates. (This should include any ERDF projects from the 2000-06 Programmes).

### 8.3 All private and voluntary and community sector applicants must provide copies of the last three years of accounts and latest set of management accounts.

Are these included with the Outline Application

**YES/NO (please delete as applicable)**

**If NO, please explain**

**Delivery Partners – if the project is to be delivered via a consortium of partners, please answer the questions below.**

8.4 What is the role of each partner listed in section 4 in the project?

8.5 Describe the current relationship with this partner.

8.6 Provide details of all previous and existing ERDF projects this delivery partner is/has been involved in. Include: name of project, role in project, start and end dates. (This should include any ERDF projects from the 2000 – 2006 programmes)

**Due Diligence**

**8.7 Due Diligence**

Having carried out reasonable investigation is the applicant aware of any staff who will be involved in the delivery and/or management of this project, including staff employed by any delivery partners, who have been convicted of an offence of fraud or dishonesty?

**YES / NO** (delete as appropriate)

**If Yes, Please explain:**

**9 Compliance**

**9.1 Procurement**

Procurement will need to comply with public procurement requirements.

If activities delivered through the project are subject to procurement please describe the procurement route you will follow.

**9.2 State Aid and Article 55**

Please provide an outline of how you expect the project to be State Aid compliant. Projects should assess the State aid implications for themselves as applicants as well as for other beneficiaries. At this stage of the application process, only brief conclusions are required.

### **9.3 Article 55**

Will the project be subject to Article 55 Requirements? And if so, explain how the income will be generated?

## **10 Applicant Declaration & Certification**

### **The Data Protection Act; Freedom of Information Act 2000**

The Data Protection Act puts obligations on users of personal information and lays down principles for its use. One principle states that the information has to be processed fairly and lawfully. This means you are entitled to know how we intend to use any information you provide. You can then decide whether to proceed with your application and to give your information to us.

The Department for Communities and Local Government undertakes to use its best endeavours to hold confidential any information provided in any application form submitted, subject to our contracting obligations under law, including the Freedom of Information Act 2000. If you consider that any of the information submitted in the application form should not be disclosed because of its sensitivity then this should be stated with the reason for considering it sensitive. DCLG will then consult with you in considering any request received under the Freedom of Information Act 2000 before replying to such a request.

### **Use of Your Personal Information**

Our main use for your personal information is to process and assess your outline application for funding and capacity to administer that funding. The Department may publish details about this application on the Department's website. This may include all or some of the the project and applicant details.

It is Government Policy to share information with relevant agencies for the purposes of Fraud prevention. By signing this outline application you are giving your consent to the information contained within to be used for such purposes.

We may use your information for the purposes of statistical analysis and may share anonymised information with other government departments, agencies or third parties for statistical analysis and reporting purposes.

Our policies and procedures in relation to the application and evaluation of grants are subject to audit and review by both internal and external auditors. Your information may be subject to such audit and review.

Sometimes you will be required to supply personal information relating to third parties i.e. delivery partners. In these circumstances you must ensure that you inform the delivery partner how you use their information and that this information will be passed to us.

You may be required to supply some sensitive personal information. The Data Protection Act defines sensitive personal information as "*racial or ethnic origin, political opinions, religious beliefs, Trade Union membership, physical or mental health, criminal offences and proceedings*". We will only use this information for the purpose for which you have provided your explicit consent. We may also use this information for the purposes of statistical analysis and may pass this to other Government Departments on an anonymous basis for this purpose.

We will not hold your information for longer than is necessary. We will hold the majority of your information for a minimum of three years after programme closure, currently expected to be 2025, unless we have a legitimate reason to keep this for longer, for instance defending any legal proceedings that may be brought against us by any person or body in relation to your application or the services we have provided or as is required by law or any regulatory body or recommended by any relevant code of practice.

If you believe that any information that we hold about you is inaccurate or incorrect, please tell us and we will correct it.

### **Applicant Certification**

I declare that I have the authority to represent [*insert name of organisation*] in making this application.

I am aware that if the information given in this application turns out to be false or misleading, the Department for Communities and Local Government may demand the repayment of funding and/or terminate a funding agreement pertaining to this Application.

On behalf of [*insert name of organisation*] and having carried out full and proper inquiry, I confirm to the Department that;

- [*insert name of organisation*] has the legal authority to carry out the project; and
- the information provided in this application is accurate.

I confirm to the Department:

- I have informed all persons in relation to whom I have provided personal information of the details of the personal information I have provided to you and of the purposes for which this information will be used and that I have the

consent of the individuals concerned to pass this information to you for these purposes.

- I authorise the Department to process my personal information, in particular my sensitive personal information, for the purposes stated in this form;
- That I shall inform the Department if, prior to any ERDF being legally committed to [name of organisation], I become aware of any further information which might reasonably be considered as material to the Department in deciding whether to fund the application.

Signed For and on behalf of the Applicant Organisation	<hr/>	
Name (Print)		
Position	Date	



## Deliverables

Project Title:

Applicant Name:

Programme Area:

Code	Deliverable	2011	2012	2013	2014	2015	Total
<b>Outputs</b>							
O1	Enter name of deliverable as shown in programme documentation here and code on left						0
O2	Enter name of deliverable as shown in programme documentation here and code on left						0
O3	Enter name of deliverable as shown in programme documentation here and code on left						0
O4	Enter name of deliverable as shown in programme documentation here and code on left						0
O5	Enter name of deliverable as shown in programme documentation here and code on left						0
O6	Enter name of deliverable as shown in programme documentation here and code on left						0
<b>Results</b>							
R1	Enter name of deliverable as shown in programme documentation here and code on left						0
R2	Enter name of deliverable as shown in programme documentation here and code on left						0
R3	Enter name of deliverable as shown in programme documentation here and						0

	code on left						
R4	Enter name of deliverable as shown in programme documentation here and code on left						0
R5	Enter name of deliverable as shown in programme documentation here and code on left						0
R6	Enter name of deliverable as shown in programme documentation here and code on left						0
<b>Impacts</b>							
I1	Enter name of deliverable as shown in programme documentation here and code on left						0
I2	Enter name of deliverable as shown in programme documentation here and code on left						0
I3	Enter name of deliverable as shown in programme documentation here and code on left						0
I4	Enter name of deliverable as shown in programme documentation here and code on left						0
I5	Enter name of deliverable as shown in programme documentation here and code on left						0
I6	Enter name of deliverable as shown in programme documentation here and code on left						0
<i>Add more rows above if required.</i>							

# Outline Application Form Guidance (ERDF-GN-2-001)

## Introduction

**The purpose of this guide is to explain how the Outline Application Form should be completed and what type of information is expected in each of the sections. The guide is for organisations who wish to apply for ERDF as an ‘Applicant’.**

**The guide should be used during the development of the project and the completion of the Outline Application form.**

Applicants will also need to refer to:

- The relevant Operational Programme document
- The Prospectus which accompanies the Call for Proposals. The Prospectus sets out the requirements you need to consider when completing the application.
- The National ERDF Handbook. This describes the compliance, monitoring and audit requirements of the 2007-13 ERDF programme.
- The National Eligibility Rules
- Procurement Requirements
- State Aid Requirements
- Publicity Requirements
- Article 55 Requirements

Further technical advice and guidance can be requested from the ERDF Programme Delivery Team (PDT) **N.B** that the PDT cannot provide support with project development or have any direct involvement in the preparation of outline applications.

## Completing the Form

An outline application form must be completed to ensure that due process has been followed and that the project is in line with the Programme's priorities as set out in the relevant Prospectus and is eligible for ERDF support.

The Form should be completed with sufficient information to enable the PDT to assess the project against the criteria set out in the relevant prospectus.

## Section by section

## 1 Identification

All relevant details should be completed.

Please enter the ERDF priority axis under which you are applying, this can be determined from the prospectus and Operational Programme. The Prospectus may identify the name of a theme or call, though this will not apply to all programmes.

## 2 Project Details

Project Sound Bite	In one sentence (30 words) tell us what your project will do and what it will achieve, ensure it is SMART. For example:  <i>This project will reduce costs for 100 SMEs by reducing manufacturing waste by 10% by June 2015.</i>  This information will be used by DCLG for publicity purposes.
Project Location	Details should be provided of the location of the beneficiaries of the project.  For capital projects, applicants must provide the address, including the postcode, of the actual site and/or development.
Project Start Date	The date the project is scheduled to start, claims can be made and activity can be monitored and reported in line with ERDF requirements.
Financial Completion Date	The date by which all eligible project costs are defrayed
Practical Completion Date	The practical end date is the date at which the project completes activity including the realisation and verification of all outputs and results..
Project Funding Summary	Include details of the total value of ERDF requested along with total value of public and private match funding. If your project is a mix of capital and revenue activities, you must identify these separately. If you are applying for funding in the NW or Y&H in both the competitiveness and the Phasing In part of each region, the amounts must be identified separately. These figures must be

	consistent with those provided in section 7.
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### 3 Project Applicant

Project Applicant	The name of the lead organisation applying for ERDF and which will be the “accountable body” for the project										
Address of applicant organisation including post code	The address of the project applicant organisation										
Contact Person	The person responsible for the project during the application process.										
Position in organisation	Position of contact person within the project applicant organisation										
Email:	Email address of the contact person										
Telephone Number	Direct telephone number of the contact person										
Type of organisation	<p>Use one of the following codes to describe the applicant organisation</p> <table border="1"> <tr> <td>01</td> <td><b>NDPB, other bodies &amp; organisations within central government</b> This includes central government departments and their agencies including Trading Funds, Non-departmental public bodies, NHS Health Authorities and Boards.</td> </tr> <tr> <td>02</td> <td><b>Local Authorities</b> All tiers of local government, police and fire authorities, transport authorities, greater London Authority (GLA), state schools and colleges except City Technology Colleges and City Academies.</td> </tr> <tr> <td>03</td> <td><b>Public Corporations</b> These are public trading bodies which have a substantial degree of financial independence from the public authority which created them. Examples are Post Office, Transport for London, Royal Mint, Land Registry, British Nuclear Fuels.</td> </tr> <tr> <td>04</td> <td><b>Private Sector Not for Profit Institutions</b> Private sector companies are taken to be organisations established and operating for profit</td> </tr> <tr> <td>05</td> <td><b>Private Sector Companies</b> These are non-profit institutions serving households. These include bodies such as charities, universities, churches, trade unions or member's clubs, National Trust. If an SME*, the applicant must define the category of SME in the box below</td> </tr> </table>	01	<b>NDPB, other bodies &amp; organisations within central government</b> This includes central government departments and their agencies including Trading Funds, Non-departmental public bodies, NHS Health Authorities and Boards.	02	<b>Local Authorities</b> All tiers of local government, police and fire authorities, transport authorities, greater London Authority (GLA), state schools and colleges except City Technology Colleges and City Academies.	03	<b>Public Corporations</b> These are public trading bodies which have a substantial degree of financial independence from the public authority which created them. Examples are Post Office, Transport for London, Royal Mint, Land Registry, British Nuclear Fuels.	04	<b>Private Sector Not for Profit Institutions</b> Private sector companies are taken to be organisations established and operating for profit	05	<b>Private Sector Companies</b> These are non-profit institutions serving households. These include bodies such as charities, universities, churches, trade unions or member's clubs, National Trust. If an SME*, the applicant must define the category of SME in the box below
01	<b>NDPB, other bodies &amp; organisations within central government</b> This includes central government departments and their agencies including Trading Funds, Non-departmental public bodies, NHS Health Authorities and Boards.										
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04	<b>Private Sector Not for Profit Institutions</b> Private sector companies are taken to be organisations established and operating for profit										
05	<b>Private Sector Companies</b> These are non-profit institutions serving households. These include bodies such as charities, universities, churches, trade unions or member's clubs, National Trust. If an SME*, the applicant must define the category of SME in the box below										
*If applicable: Define category of SME	Using the EU’s definition, define the category of SME and identify the ownership structure (micro, small, medium)  <a href="http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm">http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm</a>										
Registered	Company of Charity Registration Number										

Number (company or charity)	
VAT Number	The VAT number of the project applicant organisation
Website	The website of the project applicant organisation

## 4 Delivery Partners

If the project is to be delivered by a group of partners, provide full details for each delivery partner by copying and pasting the table in section 4.

The project applicant, ie the organisation leading the bid and submitting this application will be fully responsible and therefore financially liable for any ERDF. Further information on partnership projects and lead partner requirements can be found in the National ERDF Handbook section 3.

## 5 Strategic Fit

### 5.6 Project Objectives and Description

**The aims and objectives** of the project must be clearly described. This must also include the baselines against which the project will be measured.

The aims and objectives should be SMART:

**Specific:** objectives must be clear and unambiguous.

**Measurable:** how the achievement of the objectives will be measured.

**Achievable:** It should be clear why the objectives are achievable, for example supported by any research undertaken or track record in delivering similar objectives.

**Relevant:** Objectives must be relevant to the proposed activities, with a clear logic chain linking outputs, results and objectives.

**Timely:** Objectives must have deadlines attached to them to ensure progress towards achievement can be effectively managed and monitored.

A concise project description must be provided, clearly stating what the project intends to do, how it will do it and what specifically the funding is contributing towards. The description must focus on the project activities and provide a clear understanding of the project. In completing this section you should consider:

- Is it clear what the project is doing?
- Is it clear how the project will be delivered?
- Is it clear who will deliver the project?
- Is it clear when the project will be delivered?

If a project relates to capital investment activity, confirm which stage of the outline plan of work the project has reached.

Documents produced during the early stages of development may be submitted in support of your application e.g. copies of feasibility studies and options assessments.

### **5.7 Linkage to ERDF Programme and relevant Plans**

Describe how the project will meet and deliver against the priorities set out in the relevant prospectus. Including how it would contribute to achieving the priorities of:

- the ERDF 2007-13 Operational Programme
- The Prospectus, call or theme to which the proposal is responding
- Other relevant local economic strategies, regional or national plans and / or strategies.

### **5.8 Support for the environmental and sustainability theme**

Describe in detail how the project will take account of the respective Operational Programme's environmental and sustainability theme. This should include description of specific activities, related outputs and results.

### **5.9 Support for the equality and diversity theme**

Describe in detail how the project will take account of the respective Operational Programme's equality and diversity theme. This should include description of specific activities, related outputs and results. Applicants are strongly advised to read the relevant sections of the National ERDF Handbook.

### **5.10 Use this box to explain how your proposal will meet any criteria specified in the relevant prospectus**

Applicants are advised to read the relevant prospectus carefully and ensure that they respond to any specific local criteria.

## **6 Rationale and Additionality**

### **6.1 Rationale**

A clear justification for the project and the need for ERDF intervention should be explained. The problems, opportunities or market failures the project will endeavour to address should be defined and evidenced. Detail should also be given on how the identified market failures have been built into the development of the project.

This section should explain why the project requires any form of public funding and why ERDF is the most appropriate source of funding for this project. There must be a clear rationale as to why there is no other alternative source of funding.

## **6.2 Additionality**

Additionality is a fundamental ERDF requirement; applications should clearly explain what additional benefits the ERDF investment will bring. This could be additional, new activity or more of the same – delivering additional outputs/extending a project. Applicants are strongly advised to read the relevant sections of the National ERDF Handbook.

## **7 Estimated Deliverables (Outputs/Results/Impacts), Costs and Funding**

**Applicants must complete the Tables in the Deliverables, Costs and Funding Annex (ERDF-Forms-2-002)** . These must be completed and attached to the outline application before submission. Where applicants are seeking funding in the NW or Y&H programmes in both the competitiveness and Phasing In areas of each region, the applicant should complete separate tables to identify the deliverables, costs and funding separately.

### **7.3 Project Deliverables**

Information about deliverables can be found in the Prospectus and guidance on each Programme's Output and results is available from the Department's [website](#).

Describe the basis on which the deliverables have been calculated and assumptions made e.g. in the conversion of outputs to results. Please ensure you include all (and only) outputs and results relevant to the project activity and the ERDF Programme.

### **7.4 Please provide justification for the level of grant.**

Explain the assumptions behind the costings and level of funding required.

Explain why the proposal might deviate from any cost/funding related criteria defined in the relevant prospectus, e.g. the ERDF requested is below the minimum threshold agreed by the LMC, the contribution rate varies from that specified in the Prospectus.

## **8 Project Management Capacity and Risk**

### **8.1 Describe the resources, knowledge, expertise and skills that you and any delivery partners have to deliver the project.**

Answers should include a description of any previous experience of managing and/or delivering an ERDF project or similar public funded projects and how you have the right skills and knowledge to manage a compliant ERDF project.

**8.2 Provide details of previous and existing ERDF projects the project applicant has been involved in.**

List all existing and/or previous ERDF projects in both the current programme and the 2000-2006 programme. Provide: name of project, role within project, start and end dates.

Indicate if any of the projects were subject to clawback (ie repayment of ERDF grant).

**8.3 All private and voluntary and community sector applicants must provide copies of the last three years of accounts and latest set of management accounts.**

Any applicant falling under code 4 or 5 in section 3 must provide copies of the last three years of accounts and the latest set of management accounts covering the period from the end of the last set of accounts being made available.

**8.4 What is the role of each partner listed in section 4 in the project?**

Give specific details on the activities to be undertaken by each delivery partner

**8.5 Describe the current relationship with this partner.**

Have you previously worked with this partner? Why have you selected this partner above any others? Do you have an existing agreement in place that defines the relationship/delivery arrangement. If yes, and if applicable, does this comply with the public procurement requirements?

**8.6 Provide details of all previous and existing ERDF projects this delivery partner is/has been involved in. Include: name of project, role in project, start and end dates. (This should include any ERDF projects from the 2000 – 2006 programmes)**

List all existing and/or previous ERDF projects in both the current programme and the 2000-2006 programme. Provide: name of project, role within project, start and end dates.

Indicate if any of the projects were subject to clawback (ie repayment of ERDF grant).

**8.7 Due Diligence**

DCLG are required under the new National Fraud Strategy to request information from potential applicants about staff who may be involved in the management or

delivery of the project that are carrying a conviction for fraud or dishonesty. Failure to answer this question will mean your outline application cannot be considered.

## **9 Compliance**

### **9.1 Procurement**

Describe any elements of the project that have already been procured and/or will need to be procured as part of the project's activities . All procurement within ERDF projects must be undertaken in accordance with Public Procurement Regulations. Applicants should note that failure to undertake procurement in accordance with these regulations is the most common reason for recovery of ERDF funding. The ERDF Programme Delivery Team and the Department's auditors will rigorously scrutinise procurement arrangements on all ERDF projects.

### **9.2 State Aid**

#### **State Aid**

State Aid law ensures that public funding does not adversely distort trade between the Member States of the European Union.

A finding of unlawful State Aid may mean that the ERDF is repayable with interest by the applicant.

Applicants are required to:

- identify all the parties who are advantaged by the project;
- for each advantaged party apply the State Aid test;
- where there is State aid in respect of any disadvantaged party, explain how the applicant will ensure the support is provided legally (either by way of an approved exemption or by notifying the measure to the European Commission).
- Provide practical assurances that they have the capability to meet the terms of any exemption (including the name of a contact point).

Applicants are strongly advised to read the State Aid Requirements document before designing their project. Applicants are recommended to obtain their own legal advice where they need further guidance on the subject.

### **9.3 Article 55**

Any project defined as revenue generating, needs to adhere to Article 55 requirements.

In summary, if a project is not being provided under a State Aid exemption or the total project cost is greater than 1 million euro, it may be a revenue generating project if it:

- involves an investment in infrastructure the use of which is subject to charges borne directly by the users
- involves the sale or rent of land or buildings, or
- provides any services against payment.

This definition can apply to both capital and revenue projects.

If A55 applies to the project , include here a description of any activity or service which is deemed to be revenue generating, as defined above, either as an activity of the project or as a result of the intervention / opportunity provided by the project. These activities could take place either during the project's lifetime or after the delivery of the project.

## **10    Applicant Declaration & Certification**

The Outline Application must be signed by a senior person in the project applicant organisation who has the authority to make binding legal agreements on its behalf. Ensure that the name is printed and their position within the organisation is clearly stated e.g. Chief Executive, Financial Director.



# Outline Application Assessment Form

## ERDF-Form-2-003

<b>8 Identification</b>	<b>MCIS Reference No.</b>	
	<b>Date Received</b>	
Project Name		
Applicant name		
Theme/Call: where applicable		
Priority Axis		
Operational Programme		

<b>9 Project Details</b>		
Project Sound Bite		
Project Location		
Project Start Date	Financial Completion Date	Practical Completion Date
<b>Summary of Project</b>		

<b>Project Funding Summary</b>					
	<b>ERDF (a)</b>	<b>Public Match Funding (b)</b>	<b>Private Match Funding (c)</b>	<b>Totals (d)</b>	<b>Contribution Rates (a)/(d) x 100</b>
<b>Capital</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>%</b>
<b>Revenue</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>%</b>
<b>Totals</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>£00,000,000</b>	<b>%</b>
<b>Will Article 55 Apply?</b>	<b>YES</b>	<b>NO</b>			

<b>10 Eligibility</b>			
Is the applicant eligible for ERDF?	YES / NO	Is the project activity eligible for ERDF?	YES / NO
Comments on Eligibility			

<b>11 Delivery Partners</b>			
Is this a partnership project?	YES / NO		

<b>Assessment Recommendation</b>	<b>Select</b> <input type="checkbox"/>	<b>Select with conditions</b> <input type="checkbox"/>	<b>Reject</b> <input type="checkbox"/>
<b>Assessment Summary</b>	Overall assessment summary		
<b>5 Strategic Fit</b>	Comments on Strategic Fit		
<b>Rating</b>	<b>Good</b> <input type="checkbox"/>	<b>Satisfactory</b> <input type="checkbox"/>	<b>Unsatisfactory</b> <input type="checkbox"/>
<b>6. Rationale and Additionality</b>	Comments on Rationale and Additionality		
<b>Rating</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Unsatisfactory</b>

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>7. Deliverables, Costs and Funding &amp; value for Money</b>	Comments on Deliverables, Costs, Funding & value for money		
<b>Rating</b>	<b>Good</b> <input type="checkbox"/>	<b>Satisfactory</b> <input type="checkbox"/>	<b>Unsatisfactory</b> <input type="checkbox"/>
<b>8. Project Management Capacity &amp; Risk</b>	Comments on Project Management Capacity & Risk		
<b>Rating</b>	<b>Good</b> <input type="checkbox"/>	<b>Satisfactory</b> <input type="checkbox"/>	<b>Unsatisfactory</b> <input type="checkbox"/>
<b>9. Compliance</b>	Comments on Compliance		
<b>Rating</b>	<b>Good</b> <input type="checkbox"/>	<b>Satisfactory</b> <input type="checkbox"/>	<b>Unsatisfactory</b> <input type="checkbox"/>
<b>Assessment Recommendations</b>	Assessment Recommendations including specific conditions to be imposed 1. Condition 2. Condition 3. Condition		

<b>Risk Rating</b>			
<b>Inherent Project Risk</b>	<b>High</b> <input type="checkbox"/>	<b>Medium</b> <input type="checkbox"/>	<b>Low</b> <input type="checkbox"/>

<b>Assessor Sign Off</b>			
<b>Assessor (1)</b> Signature		<b>Remarks</b>	(Date)

Assessor Sign Off			
Name			
<b>Assessor (2)</b> Signature Name		<i>Remarks</i>	(Date)

# OA Assessment Guidance (ERDF-GN-2-002)

## Related Documents

<b>Outline Application Form</b>	<b>ERDF-Form-2-001</b>
<b>OA Form Guidance</b>	<b>ERDF-GN-2-001</b>
<b>Outline Assessment Form</b>	<b>ERDF-Form-2-003</b>
<b>OA Deliverables, Costs &amp; Funding Annex</b>	<b>ERDF-Form-2-002</b>
<b>Financial Appraisal checklist</b>	<b>ERDF-Form-2-004</b>
<b>Director/trustee due diligence checklist</b>	<b>ERDF-Form-2-005</b>
<b>Outline Assessment Work Instruction</b>	<b>ERDF-WI-2-001</b>
<b>Risk Management Procedure</b>	<b>ERDF-PN-1-001</b>
<b>Risk Assessment Tool</b>	<b>ERDF-Form-1-001</b>
<b>The National ERDF Handbook</b>	<b>ERDF-GN-1-001</b>
<b>The National Eligibility Rules</b>	<b>ERDF-GN-1-002</b>
<b>ERDF State Aid Law Requirements</b>	<b>ERDF-GN-1-003</b>
<b>ERDF Publicity Requirements</b>	<b>ERDF-GN-1-004</b>
<b>ERDF Article 55 - Revenue Generating Projects' Requirements</b>	<b>ERDF-GN-1-005</b>

## Scope

This document provides guidance for the Programme Delivery Teams (PDTs) to reference when assessing sections 5 to 9 of an Outline Application. Under each section there is a check list of issues to consider followed by a guide to determine the rating to be awarded for each of the criteria.

Instructions on how to complete the rest of the Assessment are in Work Instruction ERDF-WI-2-001.

## 5 Strategic Fit

Consider how well the proposed project will support the priorities in the Operational Programme and how it will meet criteria specified by the LMC in the relevant Prospectus, call or theme.

- Is the proposed project activity eligible for ERDF funding?
- Will the project be delivered within the programme area and will the activities be confined to the relevant ERDF Programme area?
- Is it clear what the project will actually deliver, how it will be done, and what the related outputs and results will be?
- Will the project directly contribute to the Priority/fields of action it is applying under and are the targets clearly quantified and consistent with the objectives and outputs of the Priority?
- Does the project include any activity which may be defined as ESF type?
- Does the OA demonstrate potential to maximise positive environmental impacts and the ability to effectively mitigate potential negative impacts?
- Does the OA demonstrate understanding of the equality and diversity issues and opportunities associated with the activities the project will deliver and indicate measures to address spatial disparities in economic inclusion, engage underrepresented groups and take account of barriers to participation?

The project (or part of it ) is eligible, the activities are clearly defined and meet the priorities of the OP and the specific criteria contained in the Prospectus and makes a positive contribution to programme.	Good
The project (or part of it ) appears eligible, the activities are reasonably well defined and meet the priorities of the OP and the specific criteria contained in the Prospectus and makes a positive contribution to programme, though a number of conditions will need to be addressed in the full application	Satisfactory
The project is not eligible and/or the activities do not meet the priorities of the OP and the specific criteria contained in the Prospectus, and/or the proposal fails to demonstrate how the project will contribute to programme.	Unsatisfactory

**Note**

**If the project is not eligible do not proceed any further with the assessment and recommend the outline application for rejection**

## 6 Rationale and Additionality

- Is there a clear explanation why this project is needed?
- Is there a clear description of the demand for the project?
- Is there clear evidence of market failure and a case for public funding, in line with the specific market needs identified in detailed commissioning/investment framework specifications?
- If the project is a continuation project what is the continued demand/market failure that requires further support and is this supported by any evaluation?
- Does the project meet ERDF additionality requirements?

There is clear evidence of market failure and a justification for why this proposal is needed to address the market failure and why ERDF funds in particular should be used.	Good
There is some evidence of market failure and a justification for why this proposal is needed to address the market failure though the additionality case for ERDF funds over other public funds may not be fully made.	Satisfactory
There is little evidence of market failure, or it duplicates existing activity. The additionality case for requesting ERDF funds is not adequately made.	Unsatisfactory

## 7 Deliverables, Costs and Funding & Value for Money

Assess the costs versus the benefits of the proposed project.

- Does the project provide value for money?
- Do the costs seem reasonable and appropriate ?
- Does the match funding amount reflect the contribution rate?
- Is it clear that the required level of match funding has been identified and will be available by the forecast start of the project?
- Where applicable, if the ERDF requested is less than the threshold agreed by the LMC, has a clear justification been provided?

Project makes a positive contribution to programme outputs/results/impacts targets, the costings and funding package appear reasonable	Good
Project makes a proportionate contribution to programme outputs/results/impacts targets OR contributes to long term	Satisfactory

economic impact, there may be some questions over the costings and funding package which could be addressed through conditions.	
Project fails to make a proportionate contribution towards programme outputs/results/impacts targets and does not adequately demonstrate long term economic impact, the costings and funding package appear unrealistic	Unsatisfactory

## 8 Project Management Capacity & Risk

Assess the capacity of the applicant and, where applicable the partners, to deliver the proposed project. Consider:

- Experience of managing ERDF funded projects or similar type of projects. If the applicant or a partner is an ERDF beneficiary under the current ERDF programme the assessor should review existing information (e.g. project files to determine any issues/weaknesses) held by DCLG. See the Work Instruction (ERDF-WI-2-001) for guidance on checking track record on the 2000-2006 programme.
- Does the financial appraisal highlight any concerns? (cross reference Financial Appraisal checklist ERDF-Forms-2-004)
- Where applicable, have the due diligence checks highlighted any concerns?
- The roles and value of including the named delivery partners.
- If a conviction is disclosed, further guidance must be sought from the SRO as to whether the application can proceed.

Applicant has previous experience of managing ERDF projects. Project was delivered in line with the Funding Agreement, all risks and issues were well managed.	Good
Applicant has managed other public sector projects successfully, but the named project contact has not managed ERDF before.	Satisfactory
Applicant has poor track record of managing ERDF projects and/or it does not have the financial capacity to run the proposed project.	Unsatisfactory

## 9 Compliance

Are there any compliance concerns?

Procurement:

- Is there a clear description of any procurement activity that has already been undertaken and/or will form part of the project's activities. Are there any issues?

State Aid

- Will the project operate under a state aid exemption? If so, which exemption and has the applicant indicated how they will manage the state aid

requirements? The relevant requirements can be found at schedule 3 of the State Aid law guidance note.

#### Article 55

- Does the proposed project include any income and if so will it be subject to A55?

There are no significant concerns about procurement or state aid issues	Satisfactory
There are concerns about procurement and/or state aid compliance	Unsatisfactory

Is Article 55 likely to be applicable to the project	YES* / NO
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\*Ensure to complete the A55 question in Section 2 under Project Funding Summary

#### 10 Application Declaration and Certification

Confirm that the applicant has signed the Declaration