

European Regional Development Fund

North West Operational Programme Priority 1

Call for project applications proposing Support for Business Growth within Merseyside

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1. Programme Overview

The European Regional Development Fund (ERDF) is enhancing the competitiveness of the North West economy by supporting growth in enterprise and employment. ERDF is making a real difference to local economies, local businesses and local people.

The Northwest Operational programme (NWOP) sets out the key factors which justifies public investment in Priority 1, the focus of which is on changing the make-up of the North West's business base and aim to ensure the region has more successful businesses competing in higher value markets.

This will be achieved by “*stimulating enterprise and supporting growth in target sectors and markets*” through:

- **Developing high value / growth new enterprise:** specifically supporting interventions to support innovative high-growth start-ups, including social enterprises, to establish and then grow.

Developing higher added-value activity in target regional sectors: specifically supporting the provision of tailored and highly targeted support to businesses and supply chains in the higher value aspects of significant sectors which Merseyside list under this call as Food & Drink, Life Sciences, Low Carbon, Visitor Economy, SuperPort, Advanced Manufacturing and Financial & Professional Services, with the following types of support being required:

- **Increasing sustainable consumption and production:** specifically through interventions that will help reduce the carbon and environmental impact of SMEs, preparing SMEs for the business opportunities/threats arising from climate change, preparing for future environmental legislation and policies and improving resource efficiency, waste treatment, new forms of energy production and other aspects of environmental improvement

The North West Operational Programme (NWOP) defines high-growth companies as having the capability to achieve at least one of the following:

- Employ people (e.g. generate staff base of 5 employees in the first 3 years of operation)
- Grow turnover (e.g. generate £0.5M of turnover in the first 3 years of operation)
- Attract customers and trade from outside the North West region (e.g. over half of their turnover is with customers outside the region).

ERDF in the North West is managed by the Department for Communities and Local Government, with a local Programme Delivery Team (PDT) based in Birchwood,

Warrington.

For further information please visit: www.communities.gov.uk/erdf

Local support in relation to this Call is detailed in section 7.2 (Support) and applicants must engage with at least the LEP and ERDF TA colleagues listed, prior to submitting an application.

2. Wider Policy Context:

The 2010 White Paper 'Local growth; 'realising every place's potential'¹ confirmed that the Government will lead action to promote enterprise, innovation, trade and inward investment and support for venture capital schemes. It sets out plans to make sure that Government support for business is much better targeted than in the past by:

- providing support for business improvement through a national website and contact centre;
- supporting growth business through a network of growth hubs; and
- supporting innovation in key industry sectors through the Technology and Innovation Centres.

The White Paper calls for a joined up approach to improve the environment for business and locally led action to enable every place and every individual to reach their potential. This is articulated further through the Department for Business, Innovation and Skills (BIS) Paper - Backing Small Business (Nov 2010)² which highlights the provision of targeted support to SMEs with growth potential.

The establishment of Growth Hubs will provide access to specialist strategic advice, coaching and mentoring of firms with high growth potential as they go through periods of rapid and dynamic change and bring a package of growth related services into one place around the firm. Growth Hubs will act as a catalyst for growth by bringing together firms with high growth potential with finance and equity networks and other professional and knowledge services.

In order to target firms that have the greatest potential for growth, growth hubs will need to be delivered by specialist business support providers operating a highly distributed model that reaches across the areas covered by local enterprise partnerships: Source: Summary of Future Economic delivery, 2010 White Paper '*Local growth: realising every place's potential*'¹)

More recently, BIS have published "Business Growth Ambitions Amongst SME's" (BIS 01/10/12). It reports on research that assessed the strength and scale of ambition for growth amongst UK small and medium-sized enterprises (SMEs) and highlights the following factors which clearly supports the need for this type of intervention:

- The lack of access to finance is regarded as a key barrier to growth. One quarter of SMEs indicated that it was a specific barrier holding back their attempts to grow, the second most critical issue behind the impact of the current economic climate at 38 percent.
- Difficulties navigating regulations and obtaining access to finance affect not just an SME's ability to grow, but also the owner/manager's desire to grow.

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□ Local growth: realising every place's potential 2010

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□ BIS Paper - Backing Small Business (Nov 2010)

- Increasing skills of owner/managers would lead to increased ambition, with 39 percent of owner/managers stating that they would have a higher ambition for business growth if they had additional, specific skills. Focus should be on marketing and sales, finance, industry specific skills and management skills.
- Many owner/managers attribute recent business growth to improvements in organisational efficiency as a result of new management processes which raise the ambition levels of the entire management team and workforce.

Expanding and deepening High Growth Business Support which should deliver dedicated support services to new and existing businesses with high-growth potential, for example:

- a) Guidance – direct provision of support to the client, either in one-to-one format or one-to-many as part of a workshop session.
- b) Coaching / Mentoring– delivery of intensive support to secure growth potential. The introduction and support from experienced senior executives matched to the business requirement e.g. Non Executive Director (NED) – matching of the business to an appropriate NED, where required.
- c) Specialist support – delivery of support elements specific to the growth objectives of the business e.g. Intellectual Property, Design, Legal, Financial, Technology with particular linkages to existing ERDF provision such as JEREMIE and NW Access to Finance funds and in particular around the needs of SME's identified by Merseyside partners i.e. financial assistance with R&D and innovation.
- d) Encouraging (and supporting) positive enterprise attitudes in individuals considering starting a high growth business and in the management / employees of growing businesses with a view to ensuring that individuals / organisations are 'investment ready'.
- e) Providing support to appropriate SME's not currently eligible under the National Growth Accelerator (GA) Programme
- f) Enhancing the GA Programme to support local needs and priorities

Proposals must demonstrate that they will support a LEP endorsed Business Growth Hub proposal which will:

1. promote growth by encouraging companies to develop growth propositions
2. have effective mechanisms for identifying, recruiting and targeting companies that have the potential to grow
3. diagnose companies' barriers to growth
4. provide tailored advice on helping companies tackle their barriers to growth
5. include effective growth programmes that enable companies to tackle barriers to growth.
6. clearly demonstrate that the proposal is highly integrated into their local economies/existing business support structures.

3. Call Overview

The Liverpool City Region (LCR) Local Enterprise Partnership (LEP) has endorsed the development of a Business Growth Hub to cover Merseyside to support and accelerate business growth which is key to the creation of jobs and increased GVA.

The Call preference will be for a single lead applicant who will manage a fully co-ordinated single project covering the whole of LCR LEP Region which could involve a number of 'specialist' delivery partners

The call will be competitive and within this only component bids requesting a minimum of £250,000 ERDF funding will be accepted for consideration.

Applicants will need to have in place eligible match funding for the balance of costs which must be from a source other than the European Community.

It is expected that project activity will commence by 1st May 2013 and ending no later than 30 June 2015.

Applicants are required to provide written confirmation from LCR LEP on how the proposal meets local priorities, integrates / adds value to existing national and local business support structures and supports the International Festival of Business 2014.

The focus of this Call is to provide support to Merseyside SME businesses with high-growth potential in the areas agreed by Merseyside partners, as they relate to the Northwest Operational Programme Priority 1 eligible activities.

3.1 Provide a focused, comprehensive support for international trade activity which will promote the importance of international markets. Activity is needed to provide new and experienced exporting SMEs and other international traders with the help and resources they need to do business overseas. Specialist provision is sought in consultancy, information, advice and guidance, export documentation, E-Docs and market research. ERDF funds will not support duplicate activity. Activity funded under this Strand must add value to existing national and local support for business internationalisation.

The extra activities that could be supported include more intensive support and advice on exporting to appropriate high-growth potential SMEs in the region, in the agreed target sectors. Merseyside partners have identified a need to provide a more focussed, comprehensive package of support which will ensure SME's are well placed to take advantage of new market opportunities. Proposals in this area will need to consider and be additional to the current UKTI product portfolio which includes access to Personal International Trade Advisers, Gateway to Global Growth, Export Marketing Research Scheme, Export Communications Review, Overseas Market Introduction Service, Trade Fairs & Exhibitions, Business Opportunity Alerts and Business Risk. Please see <http://www.ukti.gov.uk/export/howwehelp.html> for further information.

3.2 Provide Sector Support which targets interventions designed to support the growth of businesses in the target sectors on Merseyside through collective action that adds value over support for individual businesses. Merseyside list their priority sectors for this call as Food & Drink, Life Sciences, Low Carbon, Visitor Economy, SuperPort, Advanced Manufacturing and Financial & Professional Services, with the following types of support being required:

- a) *Specialist brokerage to link groups of businesses with relevant specialist support.*
- b) *Leadership and Management. Support for improvement in management and leadership as a part of a wider package of intervention (this cannot be part of a stand-alone skills-focused project) which is focussed on stimulating high levels of business growth and improved productivity within start-up and existing SME's to ensure that they have the necessary leadership qualities to drive their business forward. Merseyside partners have determined that SME's are successful in growing their business rapidly in the early years but growth can stall as the business grows and becomes more complex.*
- c) *Supply Chain Development. Assisting groups of businesses to understand future market trends in the sector, exploiting emerging opportunities and implementing sector standards.*

3.3 Entrepreneurship and Leadership Development programmes aimed at stimulating higher levels of start-up activity, growth and improved productivity within SMEs. Activity will need to directly support entrepreneurial activity and growth within SMEs; ensuring businesses have the necessary leadership qualities to drive their businesses forward.

3.4 Support the establishment of Knowledge Economy incubators to help create the next generation of leading edge companies in Liverpool city Region. Incubators should give access to tailored in-house advice and business support to SMEs on any aspect of their business and growth plans. Companies should benefit from collaborations with HEIs both in the UK and abroad and incubators should allow work on joint projects with the private sector.

Whilst the list below is not exhaustive, the incubator provision must cover the most common / basic elements to the provision of incubator services, and include help with:

- Business basics including planning, marketing, accounting / financial management etc

- Networking activities, particularly on-site with other like-minded organisations
 - Signposting to bank loans, angel investors, venture capital eg the ERDF Access To Finance Initiative
 - Links to higher education resources
 - Links to strategic partners,
 - Comprehensive business training programmes
 - Advisory boards and mentors
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- Help with business etiquette
 - Technology commercialisation assistance
 - Help with regulatory compliance
 - Intellectual property management

Unlike many business assistance Programmes, business incubators do not serve just any companies. Instead, entrepreneurs who wish to enter a business incubation Programme must apply for admission. Acceptance criteria vary from programme to programme but in general, only those with feasible business ideas and workable business plans are admitted.

3.5 Support for the formation, proof of concept, growth and development aspirations of new, early, value added and growth stage businesses by providing tailored **access to finance and business support solutions that will make enterprises more investment ready.** SMEs requiring this type of support will need expert intervention to become investment ready and liaison with other public agencies and funding programmes (e.g. The North West Fund, Access to Finance service, MSIF) will be necessary.

All projects funded under this call must demonstrate how they will link into and compliment Local, Regional and National initiatives e.g. Growth Accelerator Programme, Manufacturing Advisory Service, UK Trade & Investment, NW Access to Finance, The NW Fund and ERDF funded projects such as Big Enterprise in the Communities (Social Enterprise North West), Making Business Work (Alt Valley Community Trust), Merseyside Business Support Programme (Liverpool City Council) and Enterprising Merseyside (St Helens Chamber).

ERDF cannot fund duplicate activity or activities that do not address a market failure.

ERDF can only be used to provide additional activity / outputs

4. Required Outputs and Results

Projects will be expected to contractually deliver against the following Programme indicators, clarification of the definitions of which can be accessed via (<https://support.erdf.communities.gov.uk/User%20Manual/Forms/AllItems.aspx>).

Outputs
Businesses assisted to improve their performance
Business Start-up Supports (individuals assisted to start a business inc men / women split)
Private sector investment levered (£m)
Number of people assisted in their skills development
Results
New or upgraded floorspace built / upgraded to BREAM excellent or very good (m ²)
Number of jobs created
Number of gross jobs safeguarded
Number of businesses with improved GVA performance
Number of businesses created
Businesses with industrial and commercial waste reduced, reused or recycled
CO ₂ e savings associated with the delivery of the project. These will be reported through the ERDF carbon calculator and reported as part of the Project Management Report (applicants will be expected to detail the methodology used to calculate this)
Number of applications of low carbon technologies

Applicants will need to demonstrate in detail, how they will deliver the outputs, results and impacts committed to within the proposal.

Applicants will also need to ensure robust systems are in place to capture and record outputs and results

Outputs and results will be measured using data collected from funded projects. All projects will be required to collect this data, and report on progress on a claim-by-claim basis.

There must be a fully evidenced audit trail for all contracted indicators. Information on impact indicators does not need to be collected at project level, but will be analysed during independent evaluations of the Programme.

5. General Information

5.1 National Eligibility

For the avoidance of doubt the applicants should refer to ERDF guidance on eligible activities and costs which is available at:

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

5.2 Intervention Rate & Match-Funding

The maximum ERDF intervention rate for any project will be 50%. This means that ERDF can contribute up to 50% of the 'total eligible' project costs, subject to State Aid regulations. The remaining 50% or more must come from other eligible sources.

Match funding is money used to match the ERDF grant and can come from a wide range of sources, either public or private. It may come from the applicant, external finance or the applicant may have secured a grant offer towards the project costs. Match from other EU funding streams are not allowed.

ERDF is not paid in advance and expenditure must be defrayed prior to submission of claims.

5.3 Applicants

Applications must be submitted by a single organisation; the applicant must be legally constituted and be able to enter into a legally binding contract. The applicant will be the organisation that, if the application is successful, enters into a contract for ERDF and therefore carries the liability for ensuring that the terms of the ERDF grant agreement are met as they to them and also, all delivery partners.

All applications should be submitted with relevant LEP endorsement confirming this is a priority project for Merseyside and meets the call criteria. It is therefore imperative that applicants contact the relevant LEP as early as possible to discuss their proposal. The LEP will be endeavouring to ensure that all bids are complementary and where relevant, will encourage applicants to consider joint bids.

5.4 Cross Cutting Themes – Environmental Sustainability and Equality

All applications received under this call should demonstrate how Cross Cutting Themes have been addressed in project design and development. The two Cross Cutting Themes within the current ERDF Programme are:

Environmental Sustainability

A requirement of ERDF is to ensure that environmental sustainability is embedded into the delivery and management of projects. Detailed consideration should be given to ensuring that the proposed projects incorporate a high level of sustainability.

All projects will be required to provide an estimate of the carbon impact of the project through using the Carbon Calculator, and report actual impacts during the delivery of the project.

Environmental sustainability TA colleagues will provide support and advice on environmental and sustainability issues, in conjunction with LEP TA colleagues

If you have any specific queries relating to this aspect of the call then in the first instance, please contact the PDT Cross Cutting Theme Manager Mark Joslyn (Mark.Joslyn@communities.gsi.gov.uk).

Equality and Diversity

A requirement of ERDF is to ensure that Equality and Diversity is embedded into the delivery and management of all ERDF funded projects. Projects should carefully consider how they will maximise their positive contribution to equality.

Projects will need to show how they meet the equality and social measures detailed in *The Policy for the Built Environment*, and those projects invited to Stage 2 will be required to provide a commitment to achieving the targets, and objectives outlined in the policy. In delivering the project it is expected that applicants will:

- Show how the project meets the requirement of the Disability Discrimination Act and Equality Act, ensuring that schemes are fully accessible to disabled people.
- Show how projects will maximise contribution to an equal and diverse workforce, through the employment standards and practices they will apply to themselves, and contractors working on the projects.
- Show how projects or the wider regeneration strategy has been informed by engagement with local communities.
- Show how projects will maximise links to local employment, during the build phase and in any subsequent development (mindful of the limits of procurement legislation).
- Maximise the positive impacts for apprenticeships, the policy provided details of benchmarks.

- Register on the Considerate Constructor Scheme, the policy provides detail of the minimum point scores expected.

If you have any specific queries relating to this aspect of the call, then in the first instance please contact the PDT Equality and Diversity Manager Sarah Carling (Sarah.Carling@Communities.gsi.gov.uk).

5.5 State Aid

Applicants are required to provide evidence of compliance with State Aid requirements when submitting an Outline Application; as a minimum this should be a legal opinion. A more detailed assessment of State Aid compliance will be undertaken at Full Application stage.

The PDT is not able to give detailed legal advice on State Aid. It is the responsibility of the applicant to ensure the project is State Aid compliant.

5.6 Funding Agreement

The application pack includes the ERDF standard funding agreement; any successful applicant will be subject to the terms of this agreement. Applicants should particularly note the requirement relating to procurement regulations, publicity and document retention.

Failure to meet any of the conditions of the agreement or the commitments within the application, may result in clawback of the ERDF grant.

Applicants should be aware that additional provisions and securities may be included within the funding agreement to protect the ERDF investment. This will be further discussed with projects that are invited to the Full Application stage.

5.7 Procurement

The most common errors identified during audit has been failure to comply with relevant procurement procedures. Robust and transparent procurement is required to ensure that Grant Recipients:

- Consider value for money (VFM)
- Maximise the efficient use of public money and;
- Maintain competitiveness and fairness across the EU.

It is recommended that applicants seek their own legal advice pertaining to their obligations in terms of tendering and procurement.

The PDT is not able to give detailed legal advice on State Aid. It is the responsibility of the applicant to ensure the project is State Aid compliant.

6. Application Process

There are two stages to the ERDF application process; Stage 1 (Outline Application) and Stage 2 (Full Application)

Ahead of this, applicants are required to engage with ERDF project support provision on Merseyside to ensure that proposals fully fit with LCR LEP priorities and the Call criteria.

Stage 1 applications will be subject to:

- An assessment against what has been provided as outlined in the ‘document checklist’ in section 6.4. Applications not fully complying with this element will be rejected and not subjected to further appraisal.
- Appraisal of the Outline Application form if complying with that outlined in section 6.4

Projects that are invited to submit a Full Application at Stage 2 will be subject to a technical appraisal, based on the information provided in the application form. If the call remains competitive after Stage 1, projects may be subject to a further economic impact assessment. Further detail will be provided to successful Stage 1 applicants following approval.

Applicants should be aware that additional conditions will be placed on projects seeking significant ERDF investment ie

- Projects requesting in excess of £5,000,000 ERDF will require Central Government approval
- Projects that total £10,000,000 or more of public funding are subject to a Green Book Appraisal. The cost of the Green Book Appraisal is not eligible for ERDF support and is at the applicants cost

Where technical advice is required to support the Full Application process (for example, valuation or cost consultancy advice) it is expected that the applicant will instruct an independent expert, at the applicant's cost, to produce the advice. The appointed consultant should maintain adequate PI insurance and the PDT will require either a separate Collateral Warranty from the appointed consultant or a report directly addressed to DCLG to enable it to rely on such advice.

7. CALL TIMESCALES AND SUBMISSION PROCESS

7.1 Call timescales

Please note these important dates and deadlines.

W/C 26 Nov	Launch of Call advertised on ERDF section of the DCLG website https://www.gov.uk/applying-for-erdf-funding
4 Jan 2013	Electronic Stage 1 signed application forms in PDF format with relevant annexes must be submitted by noon to: NW.ERDFEnquiries@communities.gsi.gov.uk
11 Jan 2013	Completion of Prioritisation exercise by LCR LEP
25 Jan 2013	Subject to IPG endorsement, Stage 1 initial outcome advised to applicants
22 Feb 2013	For successful schemes only; Electronic Stage 2 signed application forms in PDF format with relevant annexes must be submitted by noon to: NW.ERDFEnquiries@communities.gsi.gov.uk
5 Apr 2013	Subject to PMSC endorsement, IPG approval (and Central Government approval if applicable) Stage 2 outcome advised to applicants
1 May 2013	For planning purposes only: This is the required project activity start date following final endorsements and contracting with successful applicants
30 th June 2015	Project activities end date

- 1.
- 2.

Please note that the PDT will endeavour to meet the above timescales, but this is reliant on the quality of applications submitted and the response time of applicants to queries raised.

7.2 Support

For any further information about this call please contact:

Norman.Williams@Communities.gsi.gov.uk or Rachel.Shwe@communities.gsi.gov.uk

Alternatively use our general enquiry address:

- NW.ERDFEnquiries@communities.gsi.gov.uk

The LEP contact for Merseyside is: Mike Taylor via Mike.Taylor@liverpoollep.org

The ERDF Technical Assistance contacts on Merseyside are:

- For assistance on meeting the call criteria and ERDF regulation and eligibility: Paul Dickson via Paul.Dickson@liverpoollep.org
- For projects requiring Environmental Sustainability advice contact Samantha Nicholson via sam@enworks.com
- For projects involving Universities, contact Neil Clatworthy via nclatworthy@nwueu.ac.uk

7.3 Northwest ERDF Programme Guidance

Key documents including the ERDF Operational Programme and substantial additional guidance can be found at:

Key Programme Documents	https://www.gov.uk/erdf-regional-guidance-north-west
Project Guidance Documents	https://www.gov.uk/erdf-national-guidance
Outline Deliverables, Costs and Funding	https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/9442/Outline_Application_Deliverables.xls
Full Deliverables, Costs and Funding	https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/9444/Full_application_indicators.xls
ERDF National Handbook	https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/9455/National_ERDF_handbook.pdf
ERDF National Eligibility Guidance	https://www.gov.uk/erdf-national-guidance
Full Application checklist	https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/9445/Full_application_checklist.doc
Indicators Definition and evidence	https://support.erdf.communities.gov.uk/User%20Manual/Forms/AllItems.aspx
BIS State aid guidance	http://www.bis.gov.uk/policies/europe/state-aid

It is essential that this call specification is read in conjunction with the above guidance.

- Reference information – Priority 1 context
- Business Growth Ambitions Amongst SME's" (BIS 01/10/12).
- Local Growth: Realising Every Place's Potential 2010 (BIS 2010)
- Supporting Local Growth (DCLG, BIS 2011)
- The path to strong, sustainable and balanced growth (HM Treasury, BIS 2010)
- Backing Small Business (BIS, 2010)
- Understanding Local growth (BIS, 2011)
- Barriers to Growth, Research Summary (NESTA, 2011)

7.4 Document Checklist

Failure to provide the following documentation will result in the application being rejected without further consideration at Stage 1:

Stage 1:

- LEP letter of endorsement
- Fully completed Outline Application Form
- Outline Application deliverables, costs and funding annex
- Independent (Professional) State Aid Opinion
- Written confirmation of match funding

Stage 2:

Applicants invited to submit a Stage 2 application will be issued with a full checklist for submission, and is likely to include (but not restricted to):

- Full Application Form
- Full Application Indicators, Costs and Funding Annex
- Development Programme/Gantt Chart
- Technical reports as appropriate (for example, valuation and cost consultancy with associated collateral warranties)
- Sustainability requirements
- Equality Action Plan
- Green Book Appraisal (if applicable)

The Full Application checklist provides further detail on the types of information that will be requested.

6.5 Document Submission

To ensure the content of applications remain unaltered the proposal should be emailed in a signed and scanned PDF format to NW.ERDFEnquiries@communities.gsi.gov.uk (please do not send the application to individuals).

This is a competitive process and so completed application forms not emailed by the deadline will not be considered. Any applications which are not fully completed will be excluded.

Email acknowledgement of Outline Application receipt will be sent by 5pm on closing date. If not received, it will remain the applicant's responsibility to call PDT on 0303 444 6498 to confirm receipt.