Department for Communities and Local Government

ERDF
low carbon economic growth in the East of England

East of England
Competitiveness Programme
2007-13

PROGRAMME PROSPECTUS

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

This document/publication is also available on our website at www.communities.gov.uk

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Contents

Section

Appendices

ERDF Competitiveness Programme Enquiries

ERDF Enquiry Line
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ERDF website:
https://www.gov.uk/erdf-regional-guidance-east-of-england

Section 1

Background to the East of England ERDF competitiveness programme

1.1 European and UK strategic context

The European Council of December 2005 agreed a total Structural and Cohesion Funds budget of €308bn for 2007-13. As a result, the UK will continue to receive substantial Structural Funds receipts, amounting to around €9.4bn for 2007-13.

The Structural and Cohesion Funds are divided into three separate funds:

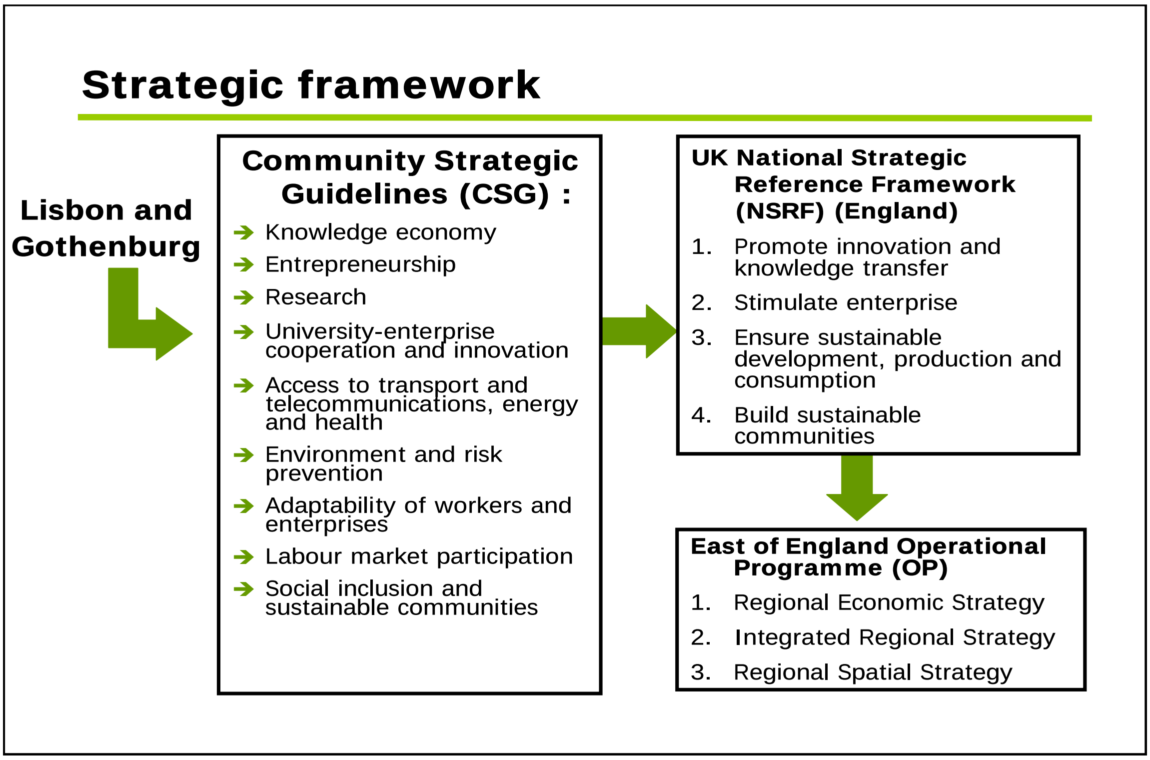
- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- Cohesion Fund

The Structural Funds are an instrument of cohesion and regional policy, and are used to meet its three objectives, which are:

- Convergence (ERDF, ESF and Cohesion Fund)
- Regional Competitiveness and Employment (ERDF, ESF)
- European Territorial Co-operation (ERDF)

The funds operate under a new strategic framework and will be more clearly focused on the Lisbon Agenda for Growth and Jobs. A key aim is to stimulate more support for the Agenda at regional and local level. This is reflected by the level of expenditure earmarked for the Lisbon Agenda in the UK:

- Sixty per cent for Convergence regions, and
- Seventy-five per cent for regions, such as the East of England, under the Regional Competitiveness and Employment objective



Each Member State is required to produce a National Strategic Reference Framework setting out clear priorities for ERDF spending. Within the UK National Strategic Reference Framework, the UK government has identified four main priorities (or 'axes') for ERDF spending in England. These are:

- To promote innovation and knowledge transfer with the intention of improving productivity
- To simulate enterprise, and support successful business, by overcoming barriers to business creation and expansion
- To ensure sustainable development, production and consumption
- To build sustainable communities, with the aim of improving the growth and productivity of local economies in order to promote the regeneration and renewal of disadvantaged areas

However, given limited resources, the UK government has stressed that funding should focus on priorities that will deliver the greatest benefit and value for money, recognising the particular needs and opportunities within individual regions. In this context, the government expects ERDF Programmes to be closely aligned with the relevant local strategies.

1.2 Vision and objectives for the East of England ERDF competitiveness programme

The East of England has one of the smallest UK competitiveness programmes, which has limited funds to invest. During development of the programme, partners agreed it should focus on those areas where the greatest impact for the region can be obtained, and on actions most likely to achieve economic benefits and be cost-effective.

The operational programme, therefore, adopts the headline vision set out in the regional economic strategy:

- *[to be] a leading economy, founded on our world-class knowledge base and the creativity and enterprise of our people, in order to improve the quality of life of all who live and work here*.

Within the context of this vision, the Community Strategic Guidelines and other elements of EU Policy, partners in the East of England believe that two over-arching imperatives should shape the operational programme. These are:

- The need to support the process of achieving growth
- The need to achieve growth in a way that takes account of the region's carbon footprint and the need to stabilise and reduce it

Partners agreed that these two imperatives should provide the boundaries and rationale for activities supported by the operational programme. Bringing them together, we identified an overall theme for the programme's aims:

Towards low carbon economic growth

Linked to the vision and theme are four high-level programme objectives. These reflect the imperatives introduced above, and support the EU's priorities for sustainable development and increased growth, competitiveness and employment. All four need to be achieved in a way that contributes to the development of genuinely sustainable communities:

- **Objective 1:** to capitalise on the region's strengths in research and development and to ensure that more businesses are genuinely innovative
- **Objective 2:** to increase the productivity of the region's businesses and encourage economic activities that are based on higher skill levels, particularly in those parts of the region that are set for substantial growth
- **Objective 3:** to encourage higher levels of business start up and growth, particularly in activities that are consistent with lower carbon economic growth
- **Objective 4:** to enhance resource use efficiency amongst the region's businesses and communities, and to accelerate the development of the environmental goods and services sector (including the continuing development of both 'clean technology' businesses, products and services, and renewable forms of energy).

In line with its theme and high-level objectives, the programme will focus on the first three of the priorities identified in the National Strategic Reference Framework, which are listed below. The imperative of creating more sustainable communities will feature strongly in the delivery of all three:

- Priority axis 1: promoting innovation and knowledge transfer with the intention of improving productivity
- Priority axis 2: stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion
- Priority axis 3: ensuring sustainable development, production and consumption

These priorities are closely aligned with the Lisbon and Gothenburg agendas. They will make an important contribution to regional competitiveness and employment in the context of the over-arching imperatives outlined earlier in this section.

Section 2 of the programme prospectus provides full details of the scope of the priority axes, with an indication of which activities each will include.

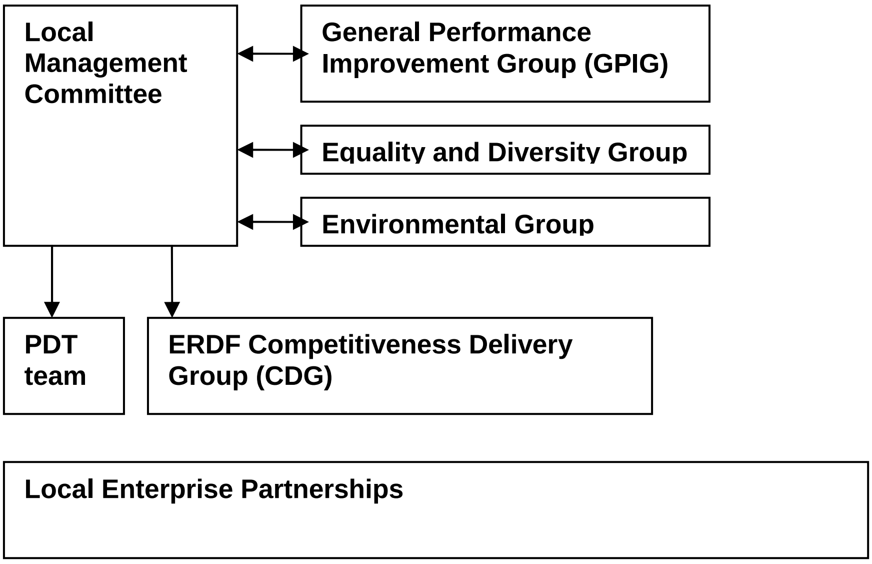
More detailed information on the development of the programme strategy, including the full socio-economic analysis and details of the consultation, is in the operational programme document.
This is on Department for Communities and Local Government's (DCLG) website at:
http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/

1.3 Arrangements for managing the East of England ERDF competitiveness programme

Nationally, DCLG has overall responsibility for the ERDF 2007-13 programme. The following structure has been set up to oversee delivery of the funds:

Delivery arrangements – Partnership

Partnership structure



To ensure the most effective use of funds in the region, the DCLG Programme Delivery Team will work in partnership with organisations represented on the Local Management Committee (Programme Monitoring Committee), including key partners such as the higher education sector, environmental interests, business organisations, the voluntary sector and central government.

Local Management Committee

The Local Management Committee is responsible for overseeing delivery of the programme strategy, and is the formal programme monitoring committee for the programme, as required by regulation. Local Management Committee membership includes key national local and regional partners, representatives from business, trade union congress, community/voluntary sector, higher education and others. The Local Management Committee will be a cross-programme group acting as a regional ESF committee. It will also take an overview of the delivery of other European programmes in the region.

Local Management Committee sub-committees

Equality and environmental groups

Members of these sub-groups will oversee delivery of the programme cross cutting themes of equality of opportunity and environmental sustainability, ensuring they are central to the programme. Membership organisations are experts in these areas and operate both virtually and at annual meetings to support the programme.

ERDF competitiveness delivery group

This group will be the operational level of the partnership. The Competitiveness Delivery Group will consider outline applications and recommend either rejection, the issuing of invitations to develop a full bid or resubmission. The Competitiveness Delivery Group will also receive the results of ERDF project appraisals and recommend to the DCLG Programme Delivery Team either that applications are rejected, that offer letters are issued or that projects should be approved or resubmitted depending on Competitiveness Delivery Group feedback. The Competitiveness Delivery Group will initially meet once a month and then as required.

Local enterprise partnership sub-regional engagement

The programme will seek to engage with all local enterprise partnerships that cover areas, or parts of the East of England. Local enterprise partnerships will be represented in the governance of the programme, both within the Local Management Committee for the East of England Competitiveness Programme and the Competitiveness Delivery Group.

1.4 Conflicts of interest

The DCLG Programme Delivery Team will ensure clear functional separation between staff engaged in managing the programme and staff engaged in delivery or development of projects.

A declaration confirming agreement to abide by the ‘Nolan’ rules must be signed by members of the European Programmes Strategy Group, and of other groups such as the Competitiveness Delivery Group and General Performance Improvement Group.

Section 2

What can the ERDF competitiveness programme fund?

2.1 Introduction to priority axes

The programme's three operational priority axes convert the programme strategy into operational delivery. Each priority axis has the following characteristics:

i) Description – a narrative explaining the intended scope of work that can be funded under the priority axis

ii) Financial allocation – ERDF funding allocated to the priority axis including the anticipated level of public and private match funding

iii) Targets – each priority axis has a specific set of programme indicators with specific targets. Project proposals will be assessed in terms of their value for money, based on the amount of ERDF they are seeking and the number of indicators and targets they propose to meet.

The East of England 2007-13 ERDF programme is structured according to the following operational priority axes:

Priority axis 1: Promoting innovation and knowledge transfer with the intention of improving productivity
Priority axis 2: Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion
Priority axis 3: Ensuring sustainable development, production and consumption

All priority axes are to be seen in the context of the overall programme theme – towards low carbon economic growth.

A further priority axis (priority axis 4) is funding for activities that provide technical assistance to support the delivery of the programme. Full details of all priority axes are given in the operational programme document in Section 5.

2.2 Priority axis 1 - Promoting innovation and knowledge transfer with the intention of improving productivity

2.2.1 Priority description

This priority will encourage the commercialisation of technologies within the region's strong research and development base, including energy-efficient and clean technologies. It will also support the wider application and take up of ICT and other technologies. Businesses will be encouraged to become actively involved in knowledge transfer. The priority will focus on innovation, improved productivity and resource efficiency, in line with the overall programme theme – toward low carbon economic growth.

The individual activity strands are:

- **Supply of knowledge transfer potential** – to encourage commercialisation of technologies that will lead to increased productivity and more efficient use of resources
- **ICT usage** – to support the wider application and take up of ICT and other technologies that support innovation and increased productivity
- **Demand for knowledge transfer** – to encourage businesses to engage in knowledge transfer with Higher Education Institutions and other institutions/organisations

2.2.1 Indicative actions

Indicative actions/activities

Support for collaborative approaches to commercialisation of R&D through an 'Open Innovation' inter/extra-organisational model. The focus should be on the exploitation of energy efficient and clean technologies

Programmes that encourage the uptake and further exploitation of ICT solutions within the region's businesses. These include initiatives to promote energy-efficient processes and outcomes.

Support for innovation advice to businesses

Outreach programmes for businesses, which aim to engage them in appropriate knowledge networks

Initiatives to support collaboration between Higher Education Institutions and businesses in the context of knowledge transfer

Support for innovation and knowledge transfer (e.g. complementing the network of Enterprise Hubs)

2.2.2 Priority 1 - Programme prospectus ERDF allocation and match funding

Allocation and Match Funding	**Priority Axis 1**
ERDF	£31,886,767
Public Match	£26,305,659
Private Match	£21,523,511
Total	£79,715,937

It is anticipated that funding will be a mix of revenue and capital, but the majority of funding will be for revenue activity. Capital funding is available but will be limited.

The ERDF average intervention rate at programme level will be 40 per cent, it is anticipated that match funding will come from both public and private sources. Capital projects attracting income will be subject to the rules described in 6.4.1 and may attract a lower ERDF intervention rate.

2.3 Priority axis 2: Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion

2.3.1 Priority description

This Priority will support activities intended to make the region more economically competitive and socially sustainable, in line with the overall programme theme – Toward Low Carbon Economic Growth.

It will seek to create a more enterprising culture. In line with the programme theme, the focus will be on businesses with high-growth potential, and/or an emphasis on clean technologies, renewable energy, improved use of resources and environmental improvement.

Activity strands will include:

- **Access to finance** – to improve access to finance for businesses, particularly those engaged in low carbon activities
- **Social enterprises** – to support the development of social enterprises, particularly those engaged in low carbon activities
- **Start-up** – to promote business start-up, including among those currently under-represented in business (e.g. women, some ethnic minority groups and new migrant communities)
- **High growth businesses** – to support the development of high-growth, high-value-added businesses
- **Sector growth** – to develop the clusters of clean technology and renewable energy businesses in the region
- **Low carbon business practices** – to encourage the adoption of management and operational practices that will reduce the carbon footprint of the region's businesses. These should include environmental management systems.

2.3.2 Priority indicative actions

Indicative actions/activities
• Provision of business finance measures to support investment in low carbon solutions
• Business start-up programmes encouraging entrepreneurship
• Support for business-to-business networking and cluster development within the clean technology sector
• Interventions to support the development of the renewable energy supply chain. In particular these should include wind, solar, biomass, hydroelectric and geothermic, and energy efficient solutions such as combined heat and power systems
• Provision of business support to social enterprises, focusing especially on those that are intrinsically "low carbon"
• Support, advice and encouragement for businesses to improve environmental performance and resource efficiency

2.3.3 Access to finance

Under priority axis 2, with Local Management Committee approval, significant investment has been made into a Low Carbon Innovation Fund which is designed to invest in small and medium sized enterprises in return for equity. This is known in ERDF terms as a 'Financial Engineering Instrument'.

2.3.4 Solutions for Business

As public funding, the UK government expects ERDF to be aligned with, and to support, the principles of the Solutions for Business portfolio. Solutions for Business carries a broad definition of business support:

Any publicly funded activity that benefits a business or potential business through a grant, subsidy, advice or other service.

The key elements of the Solutions for Business are:

- Simplified access to publicly funded business support services,
- A simplified portfolio of business support offers, which are aligned to business-relevant 'themes'
- A branding, marketing and delivery framework that achieves optimum value for money and improves the customer experience of the business support network
- A framework for managing business support across the public sector to ensure that it remains straightforward in future

All levels of government are working to deliver a flexible, comprehensive and shared portfolio of business support products, which are being deployed across the public sector to meet business needs and deliver policy aims.

- All East of England competitiveness programme activities funded under priority axis 2 in particular are likely to fall within Solutions for Business. The programme structure is aligned with the framework and the programme objectives can be delivered through the portfolio.

ERDF funding can be used to extend the scope of products and improve access for priority groups. Genuinely innovative products will be promoted as part of a shared portfolio. A standard approach to branding these products will allow for shared branding across funding streams.

2.3.5 Priority 2: Programme prospectus ERDF allocation and match funding

Allocation and Match Funding	Priority Axis 2
ERDF	£27,907,545
Public Match	£31,386,795
Private Match	£10,476,019
Total	£69,770,361

The vast majority of funding available under this priority will be for revenue activities only. There will be no funding for capital infrastructure projects. The only spend classified as capital under this priority will be for business finance measures.

The ERDF average intervention rate will be 40 per cent. It is anticipated that match funding will come from public and private sources.

2.4 Priority axis 3: Ensuring sustainable development, production and consumption

2.4.1 Priority description

This priority will seek to identify and implement best practice in reducing the carbon footprint of businesses, communities and settlements. The focus will be on more efficient use of and procurement of resources, development of clean or renewable energy sources and support for eco-friendly design. The priority will also seek to improve overall competitiveness and economic performance.

2.4.2 Priority indicative actions

- Support for projects that bring about sustainable consumption. Examples are green and sustainable procurement, eco-effective production processes and consumer access. Information initiatives and energy-efficiency demonstrator projects should be linked to economic growth objectives and outcomes
- Limited support for key strategic developments linked to the growth of the clean technology and renewable energy sectors
- Very limited provision of flagship business space (potentially incubators and move-on space – and possibly third ‘spaces’). Ideally this should support enterprises with low-carbon aspirations. The premises should have an eco-efficient design in accordance with local plans and meet BREEAM excellent as standard
- Support for renewable energy demonstrator or exemplar projects that make use of wind, solar, photovoltaic biomass, hydroelectric, geothermic and other solutions (subject to eligibility rules and state aid compliance)
- Support for exemplar demonstrator energy-efficiency solutions such as combined heat and power or ground breaking business support schemes such as sustainable transport solutions
- Support for the development of social enterprises, and particularly those involved in low carbon activities such as re-cycling

2.4.3 Priority axis 3: Programme prospectus ERDF allocation and match funding

Allocation and Match Funding	Priority Axis 3
ERDF	£31,312,677
Public Match	£39,140,847
Private Match	£7,828,169
Total	£78,281,694

It is anticipated that funding will be a mix of revenue and capital, but the majority of funding will be for revenue activity. Capital funding is available but will be strictly limited as described in the indicative actions above.

The ERDF average intervention rate at programme level will be 40 per cent. It is anticipated that match funding will come from public and private sources. Capital projects attracting income will be subject to the rules described in 6.4.1 and may attract a lower ERDF intervention rate.

Section 3

Approach to delivery

3.1 Options for delivery

Options for the delivery of the operational programme are set out in the implementing provisions, which are detailed in Chapter 9 of the operational programme. These are contained in paragraph 9.53 which states:

The procedure for selecting operations may take a variety of forms:

- **Open bidding**: where an open invitation is published for applications for the support of projects that meet a specified Priority or objective of the operational programme

- **Open bidding following sector/theme specific call**: where an open invitation is published for applications for the support of projects to meet a specific set of criteria against a tightly defined sector specific call specification

- **Limited bidding:** limited bidding refers to when a limited number of project applicants is identified and invited to bid for the support of operations or sets of targets or outputs that meet a specified priority or objective of the east of England operational programme

- **Non-competitive selection**: where a single project applicant (or perhaps two or more) is either selected as appearing to be the only suitable and capable vehicle for delivering a specific operation or set of programme targets or outputs and invited to submit an application for financial assistance; or applies for financial assistance on its own initiative for the support of an operation or a set of targets or outputs that appears to meet a priority or objective of the operational programme

These arrangements are taken from the standard text of the implementing provisions developed by the Department for Communities and Local Government (DCLG) and are in use across all English ERDF programmes.

The Local Management Committee has agreed that all four approaches are adopted to deliver the East of England programme.

3.2 Implementation arrangements – bidding rounds

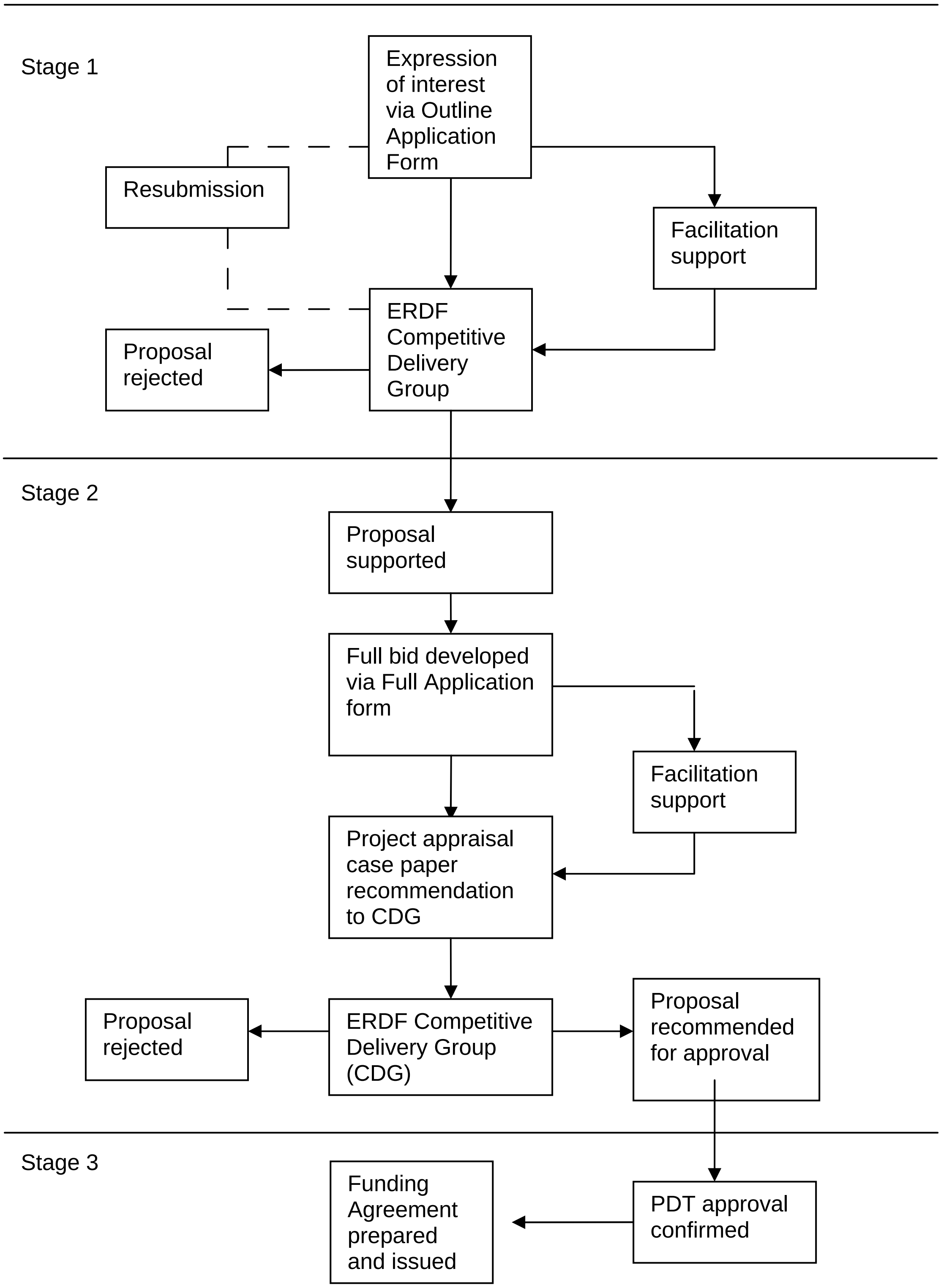
Section 4 of the programme prospectus sets out a timetable for the bidding rounds into 2012. This approach has been taken in the release of remaining programme funds to ensure good progress towards delivering remaining programme priorities. These include achievement of the programme's annual spend targets. The Competitiveness Delivery Group will closely monitor allocation and spend.

3.3 Open bidding

Potentially, any organisation that is a legal entity will be able to develop proposals for funding. Examples are local authorities, other statutory or non-statutory public-funded bodies, voluntary/community organisations and, potentially, private-sector organisations (subject to eligibility rules and state aid compliance). Proposals will need to demonstrate a close fit with the overall programme theme and state how their projects can contribute to the operational programme priority axis aims, objectives and targets. Potential projects will need to show multiple ultimate beneficiaries. Under open bidding arrangements it will be the responsibility of the project applicant to identify match funding and ensure state aid compliance.

There will be a two-stage application process (expression of interest/full application) and a three-stage approval process, shown in the diagram below:

Three stage approval process


Stage 1
Expression of interest via Outline Application Form
Resubmission
Facilitation support
ERDF Competitive Delivery Group
Proposal rejected
Stage 2
Proposal supported
Full bid developed via Full Application form
Facilitation support
Project appraisal case paper recommendation to CDG
Proposal rejected
ERDF Competitive Delivery Group (CDG)
Proposal recommended for approval
Stage 3
Funding Agreement prepared and issued
PDT approval confirmed

3.3.1 Open bidding – Stage 1

Following the announcement of a bidding round, an expression of interest can be submitted for consideration by the Competitiveness Delivery Group. To ensure Competitiveness Delivery Group has enough information on which to make a judgement, Expressions of Interest must be submitted on an 'Outline Application form' which is published on the programmes web pages. A closing date for receipt of project outline application forms will be published with the timetable for bidding when the bidding round is announced.

At the Outline Application stage, prospective applicants will not be required to provide proof of match funding. However, information on likely sources of match funding – together with details of contacts, delivery partners and an anticipated approval timetable – will be required. Programme facilitators will be able to advise prospective applicants on the level of detail required. Depending on the status of the applicant, any financial checks (through a financial appraisal) and checks on the delivery track record of the applicant may be undertaken. Full details of checks made and due diligence undertaken at this stage are outlined on the programmes web pages.

The Competitiveness Delivery Group will meet to consider all Outline Applications received by the closing date. The following outcomes are possible:

i. **Proposal rejected** – This could be for a range of reasons, e.g. does not fit with the aims of the programme, duplicates other activity, is not seen as value for money for potential outcomes, or is not seen as a priority given limited programme resources

ii. **Applicant invited to re-submit** – The proposal may be of interest to Competitiveness Delivery Group, but more information is required before a final decision can be made. In this case the applicant will be invited to submit a revised Outline Application at a later date, to be included in the same bidding round or in a future bidding round

iii. **Proposal selected** – This is not an approval of the application, since this cannot be given until a Full Application has been received and an appraisal has taken place. However, in this case the applicant will be invited to develop a Full Application for further consideration under stage 2

iv. **Proposal selected with conditions** – as above, but containing conditions from the PDT and/or CDG for consideration when developing a Full Application.

In all cases verbal feedback will be given via the programme facilitators with written feedback being provided by the programme secretariat, and further support will be provided if (ii), (iii) or (iv) applies.

3.3.2 Open bidding stage 2

If the Competitiveness Delivery Group has invited a prospective applicant to submit a Full Application, then these should be developed to match the bidding round timetable, usually within three months of Stage 1 approval. In some exceptional cases, this may not be possible due to factors outside the control of the project applicant. In these circumstances the Programme Delivery Team will look at the timetable proposed for the individual project and at how this fits with the bidding round timetables. Flexibility of submission will be under the discretion of those in the Programme Delivery Team.

A full bid will consist of a Full Application form with various supporting Annexes. Full guidance is published on the DCLG website
http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/
When received, the business case will go through the following process:

i. **Receivability check -** The hard copy application will be checked to ensure that all the relevant documents, such as proof of match funding, business case in accordance with DCLG guidance, and details of finance/outputs, have been provided and are correct.

ii. **Project appraisal -** The full application form submitted will undergo a full appraisal and will be scored against the appraisal criteria contained in Appendix 3 of the prospectus.

The project appraisal criteria serves the joint purpose of:

i. Allowing assessment of applications against a range of factors including eligibility, value for money and strategic fit
ii. A means of differentiating between projects according to the scale of benefits offered

The project appraisal undertaken will be taken into account by the Competitiveness Delivery Group in considering recommendations to DCLG to approve or reject applications for ERDF.

In summary, the appraiser will consider the following

Appraisal Recommendation	Approve ☐	Approve with conditions ☐	Reject ☐
Appraisal Summary	**Appraisal Summary**		
1. Strategic Fit	**Comments on Strategic Fit**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
2. Rationale, Options and Additionality	**Comments on Rationale, Options and Additionality**		

Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
3. Project Schedule and Deliverables, including land & property	**Comments on Project Schedule and Deliverables**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
4. Costs, Funding and Value for Money	**Comments on Indicators, costs and value for money**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
5. Governance and Project Management	**Comments on Governance and Project Management**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
6. Compliance	**Comments on Compliance**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
Appraisal Recommendations	**Appraisal Recommendations including specific conditions**		

Risks and Issues		
	Risk/Issue	Conditions
Manage Pre Contract		
Manage Post Contract		
Residual Risks		

During the course of the appraisal the DCLG ERDF appraisal officer will contact the project applicant to discuss any issues arising and seek to resolve them.

Once an appraisal has taken place, the ERDF appraisal officer will prepare an appraisal paper for consideration by Competitiveness Delivery Group. The appraisal paper will summarise the project, detail the issues identified during appraisal and recommend approval or rejection to Competitiveness Delivery Group.

The appraisal paper will be presented to Competitiveness Delivery Group by the appraisal officer. The project applicant will be invited to attend the relevant meeting to give a short presentation on the proposal if required. Competitiveness Delivery Group will then consider whether or not to recommend approval of the project to DCLG.

3.3.3 Open bidding – Stage 3

If Competitiveness Delivery Group recommends approval of the project, DCLG – as delegated intermediary body with responsibility for managing the ERDF programme – will consider issuing an offer letter. The offer letter will be a legal document and will be the contract between the DCLG and the project applicant. It will set out the terms and conditions for receipt of ERDF and agreed delivery arrangements, targets and funding.

3.4 Commissioning of projects (limited bidding)

3.4.1 Rationale for the commissioning approach

The ERDF allocation for the East of England competitiveness programme for 2007-13 is around 25 per cent less than the allocation for the region's 2000-06 Objective 2 programme. Objective 2 funding was restricted to areas covering only 11 per cent of the region's population. The 2007-13 ERDF competitiveness programme will not be targeted geographically, so it is necessary to focus resources on fewer projects that can demonstrate greater strategic impact. In order to achieve this aim, it is crucial that appropriate interventions are carefully selected. This approach will help ensure maximum contribution towards delivery of the programme.

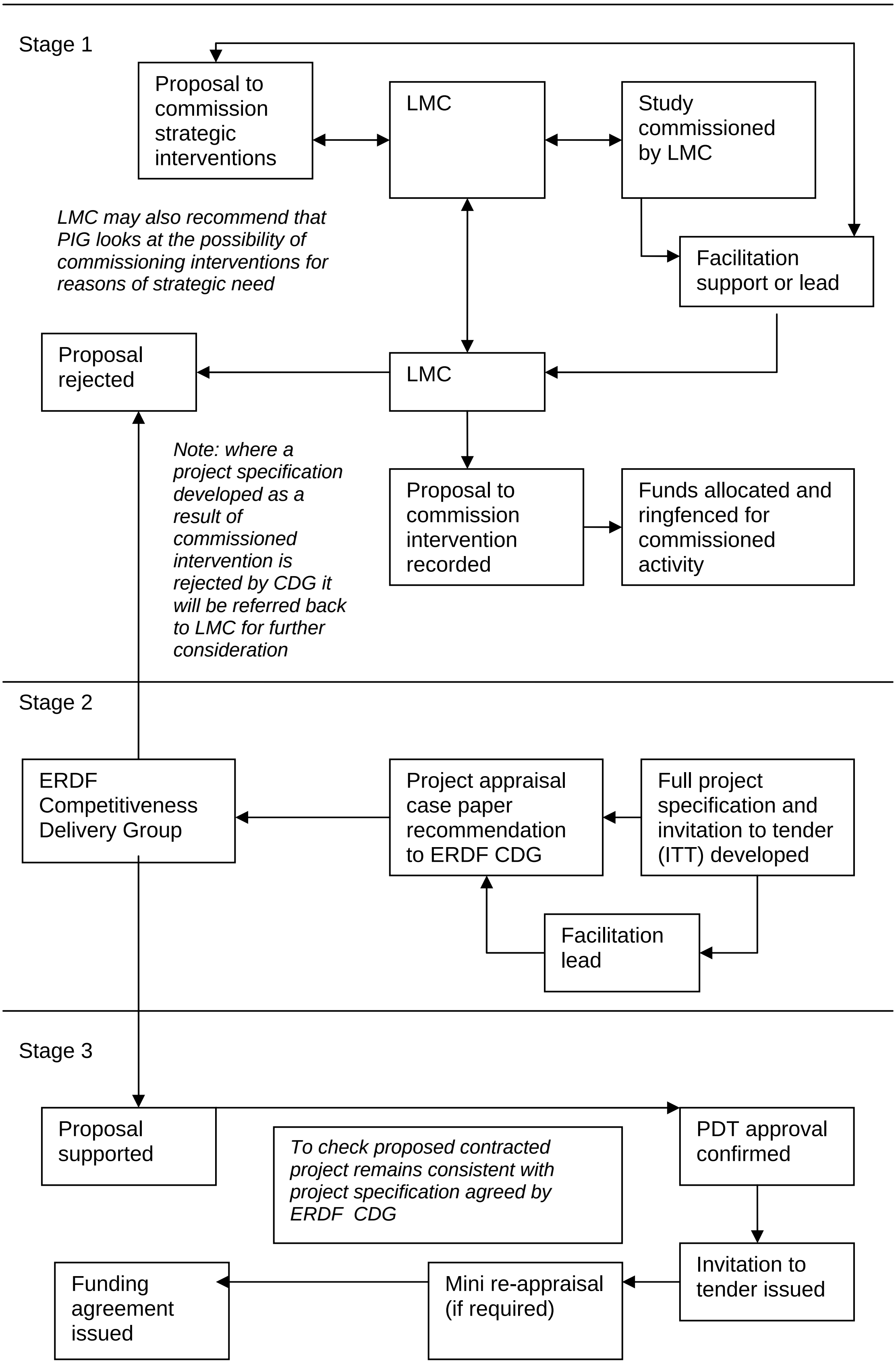
The operating provisions for programme implementation allow projects to be commissioned to put in place appropriate interventions designed to deliver maximum impact. The following process is envisaged for projects submitted via the commissioning route:

3.4.2 Commissioning – Stage 1

Proposals to commission projects are likely to fit within one of the two definitions below:

i. Studies commissioned by the Local Management Committee to identify specific proposals to commission interventions
ii. Proposals for commissioning of interventions for reasons of strategic, unmet need are developed and proposed to Local Management Committee by the General Performance Improvement Group

Process for projects submitted via the commissioning route



Studies will be commissioned by Local Management Committee to advise on the delivery of specific aspects of the programme. In these cases a commissioned approach will be deemed to be required by Local Management Committee to ensure strategic objectives are achieved or to evaluate the programme to address gaps in the programme delivery. In the case of proposal submitted3.4.2 (i) the Local Management Committee will have considered the results of studies that have been commissioned to inform project development.

A proposal to commission a project will identify the following information:

- The strategic, unmet need for a commissioned approach (versus submission via open bidding)
- A description of the proposed activities to be undertaken
- Estimates of the likely outputs/results and impacts anticipated
- Estimated total costs and ERDF funding required
- Likely sources of proposed match funding or arrangements to obtain match funding
- Description of the proposal to take forward the intervention via compliant tendering/procurement process in accordance with the limited or non competitive selection provisions detailed on the operational programme implementing provisions chapter

For all proposals to commission interventions and in common with proposals submitted under open bidding rounds, the team of programme facilitators will be available to provide support during the development of proposal for commissioning.

Proposals to commission interventions where a strategic, unmet need has been identified will be developed either by the Programme Improvement Group or the Programme Delivery Team and submitted to the Local Management Committee with recommendations for consideration at a plenary session. The Local Management Committee will give particular consideration to the case for commissioning projects rather than submitting them via the open bidding round process.

It is anticipated that most commissioned interventions will be of a regional nature. However, in considering any place-based proposals, the Local Management Committee will take local enterprise partnerships plans into consideration. Projects or proposals that demonstrate clear links with local enterprise partnership plans and relevant strategies will be given greater weighting by Local Management Committee.

The following outcomes from this process are possible:

i. **Proposal rejected** – This could be for a range of reasons e.g. does not fit with the strategic aims of the programme, duplicates other activity, is not seen as value for money for the potential outcomes, or is not seen as a priority given limited programme resources

ii. **Proposer (project applicant) invited to re-submit** – The proposal may be of interest to Local Management Committee, but further information is required before a final decision can be made. In this case the proposer will be invited to submit a revised outline application in a future bidding round

iii. **Local Management Committee recommends proposal is submitted via the open bidding rounds** – The project may have demonstrated fit with the programme. However, the case for commissioning is not proven because similar proposals are likely to come forward through the open bidding round, or the proposal has not strongly demonstrated sufficient strategic importance or impact

iv. **Proposal endorsed** – This is not an approval of the project since this cannot take place until a full application has been received, and an appraisal has taken place. However, in this case Local Management Committee will approve the development of a full specification that provides details of the project to be delivered, funding allocated and associated targets etc. Approval at this stage also means Local Management Committee has allocated ring fenced funding for the project. The funding allocated will be removed from that made available for the open bidding rounds.

In all cases feedback will be given via the programme facilitator, and further support will be provided if (ii) or (iii) applies.

3.4.3 Commissioning – Stage 2

In cases where Local Management Committee approval for commissioning has been given, the next stage will be the development of a full project specification, ERDF full application for consideration by the Competitiveness Delivery Group. In most cases this will be carried out by the appropriate facilitator who will act as the nominated project sponsor. Alongside this work a draft invitation to tender will also be prepared. The proposal should take account of the timescales required for submission and approval as set out in the bidding round timetable. However in many cases it may not be possible to adhere to this timetable due to external factors. In these circumstances the Competitiveness Delivery Group will look at how the timetable proposed for the individual commissioned proposal can fit with the Competitiveness Delivery Group's timetable for project approval. The Competitiveness Delivery Group will have the authority to allow flexibility in respect of dates of submission.

Once the project specification has been developed and the ERDF application and business case submitted it will go through the same appraisal process as an application received via open bidding process. Full details are given in 3.3.2 and 3.3.3 above.

During the course of the appraisal the ERDF appraisal officer will contact the project applicant to discuss any issues arising and seek to resolve them.

Once an appraisal has taken place the ERDF appraisal officer will prepare a paper for consideration by the Competitiveness Delivery Group. The paper will summarise the project, detail the issues identified during appraisal and recommend approval or rejection of the proposal to the Competitiveness Delivery Group. The paper will be presented to the Competitiveness Delivery Group by the ERDF appraisal officer. The Competitiveness Delivery Group will then consider whether or not to recommend approval of the proposal to DCLG.

3.4.4 Commissioning – Stage 3

If the Competitiveness Delivery Group recommends approval of the proposal, DCLG – as delegated intermediary body with responsibility for managing the ERDF programme – will consider issuing an invitation to tender. The invitation to tender will set out the project specification in full and invite bids to deliver the project. Bids will be assessed in accordance with DCLG's tendering and procurement rules in full compliance with EU procurement regulations. If the Competitiveness Delivery Group recommends rejection of the project the issue will be referred back to the Local Management Committee for further consideration. To ensure that the proposed delivery arrangements are consistent with the project approval given by the Competitiveness Delivery Group, a mini re-appraisal of the final proposal will take place. Any issues identified that cannot be resolved with the successful bidder will be referred to the Competitiveness Delivery Group for consideration.

The successful bidder will be issued with an offer letter. This will be a legal document and will be the contract between DCLG and the project delivery organisation. It will set out the terms of conditions for receipt of ERDF and agreed delivery arrangements, targets and funding.

3.5 Non-competitive selection

Where a single organisation appears to be the only one suitable and capable of undertaking specific work required to deliver the operational programme's aims and objectives, the organisation may be invited to submit an application. In such a case, the process will be identical to the commissioning process set out in 3.4 above. However, legal opinion will be obtained before an outline application form is submitted to the Local Management Committee to ensure any proposal to deliver a project via a non-competitive route complies with EU and DCLG procurement rules (see Section 6).

3.6 DCLG as a beneficiary

In cases where DCLG itself is an applicant for ERDF, the following additional procedure will apply in accordance with DCLG guidance:

Where DCLG is to be the ERDF grant beneficiary, stakeholders (including the EC) will wish to be certain that the process of project selection and approval is transparent, and subject to appropriate review if necessary. DCLG will ensure clear separation of functions between people in DCLG who will appraise and approve ERDF grant applications and those who will be delivering DCLG projects for which an ERDF grant has been awarded.

The Local Management Committee will also be informed of projects where DCLG is the beneficiary. This will happen at both the outline application and the full application/approval stage. This is to ensure that programme partners are fully aware of DCLG's intentions and have an opportunity to consider the decision. If partners raise concerns that DCLG cannot allay, the Local Management Committee may refer projects to DCLG for further consideration.

3.7 Appeals

There is no specific ERDF appeals process at either outline application stage or after the assessment and appraisal of a business case.

However, applicants may register complaints via the East of England Programme Delivery Team ee.erdf@communities.gsi.gov.uk. Where complaints will be acknowledged and an estimated date for sending a full reply will be provided within five working days.

3.8 Reporting process

3.8.1 Competitiveness Delivery Group

At each meeting, the Competitiveness Delivery Group will receive details of funds that have been allocated or remain unallocated, and an update on indicators committed and projects under development (in the project pipeline). This information will enable Competitiveness Delivery Group to make informed decisions in the context of overall programme delivery.

3.8.2 Local Management Committee

The Local Management Committee will receive a comprehensive report on progress at each meeting, and an analysis of performance. The Local Management Committee will take strategic decisions about changes to the process outlined above, or about significant variations from the timetable of bidding rounds announced in the programme prospectus. At least once a year the Local Management Committee will review the approach taken to programme delivery and when appropriate agree recommendations to change the defined approach.

Section 4

Bidding round arrangements

4.1 Overview

This section sets out the proposed bidding rounds and gives details of the ERDF funding to be made available. It also states which programme indicators (targets) need to be achieved for each priority axis.

The bidding round dates, and funding available, will be reviewed continually by the Competitiveness Delivery Group and Local Management Committee. Any amendments to this plan will be published on the DCLG website.

4.2 Normal bidding round timescale

Local Management Committee has agreed that the following timescales which should apply to all bidding rounds

Week	Time Allowed	Event
1	1	**Bidding round announcement**
4	3	**Expression of Interest received via submission of Outline application – three weeks after announcement**
6	2	**CDG Meeting to consider Outline application assessment Forms**
7	1	**Invitation to develop full bid issued**
12	5	**Bids developed and submitted**
17	5	**Appraisal and scoring – appraisal paper preparation**
19	2	**CDG Meeting to consider project applications**

Tentative bidding round dates for 2012 include:

Bidding round	Start date	Outline application received	Full application submission
17	9 January 2012	30 January 2012	30 April 2012
18	2 April 2012	23 April 2012	19 June 2012
19	2 July 2012	23 July 2012	23 September 2012
20	1 October 2012	22 October 2012	22 December 2012

Tentative bidding round dates for 2013 include:

Bidding round	Start date	Outline application received	Full application submission
21	7 January 2013	28 January 2013	29 April 2013
22	2 April 2013	23 April 2013	23 July 2013
23	10 June 2013	2 July 2013	2 October 2013

It is recognised that not all potential projects will be able to keep to this timescale. If the Competitiveness Delivery Group has invited a prospective applicant to submit a full application, then these should be developed in accordance with the bidding round timetable. In some exceptional cases, this may not be possible due to factors outside the control of the project applicant. In these circumstances the ERDF team will look at the timetable proposed for the individual project and at how this fits with the bidding round timetables. There may also be cases when the number of outline application forms submitted, or applications received, means that it has not been possible to keep to the published timescales.

The above timetable has been adjusted to take account of bidding rounds that run across bank holidays, to ensure there is sufficient time for the application and appraisal process.

These dates are subject to the availability of funding and are subject to change or cancellation.

The PDT will continuously review the bidding round process and, if necessary, recommend changes to the Local Management Committee. If changes are made, announcements will be published on the DCLG website. http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/

Note: All bidding round dates are subject to review by the Local Management Committee. Each bidding round will be formally announced on DCLG's website (http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/) and any changes to the above timetable will also be notified

4.3 Release of ERDF funding

The East of England ERDF competitiveness programme has received funds for an annual allocation of funds from 2007 to 2013. This allocation is based on the calendar year. Annual spend targets known as N+2 will apply. 'N' is the year of allocation and '+2' refers to the end of the second year after allocation.

4.4 Programme indicators

In order to demonstrate value for money, potential projects must show evidence that a proportional range of programme indicators will be achieved. Three types of indicators are included in the programme:

Outputs

These are the goods and services produced by the project and delivered to an external party. They are the direct measurable results of project inputs and activity.

Note: this would include businesses receiving a service or benefit even where the project fails to meet its objectives in full.

Results

These are the effects of the project activities. They will reflect the intended results of public sector intervention and the reason it took place. They will have been anticipated in the project's objectives and should represent a measurable benefit for the end beneficiary.

There will almost inevitably be a time lag before the results are seen in full. The monitoring and evaluation system should be sufficiently rigorous to demonstrate a clear link between a project activity or output and a particular result.

Impacts

These relate the activity to its effect on the region and its people, and to the original reason for the intervention. Impacts will typically be measured using standard government statistics e.g. Annual Business Inquiry, Office for National Statistics Labour Force Survey, Census, and increase in GVA.

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 trial for all indicators in the contracted activity.

Information on impact indicators will not be collected at project level, but will be analysed during independent evaluations of the programme at periods agreed by the Local Management Committee. A full copy of the programme indicator framework and definitions is published in Appendix 2.

For the bidding rounds, the following series of targets should be delivered by the projects funded by the programme:

4.4.1. Priority axis 1 - Promoting innovation and knowledge transfer with the intention of improving productivity

Outputs

Indicator reference	Description	Programme Prospectus Target	Unit of measurement
O 1.1	**Number of start-up businesses receiving Priority 1 assistance**	**485**	No. of businesses
O 1.2	**Number/type of SMEs receiving Priority 1 assistance - innovation**	**1550**	No. of businesses

O 1.3	**Number/type of SMEs receiving Priority 1 assistance - non innovation**	**390**	No. of businesses
O 1.4	**No of businesses assisted to improve performance through ICT initiatives**	**770**	No. of businesses
O 1.5	**Number/type of low carbon construction enterprise hubs**	**5**	No. of constructions
O 1.6	**No of businesses within the region engaged in new collaboration with the new knowledge base**	**4850**	No. of businesses

Results

Indicator reference	Description	Programme Prospectus Target	Unit of measurement
R 1	No of jobs created (FTE and by gender)	1075	Jobs FTE
R 2	No of jobs safeguarded (FTE and by gender)	1185	Jobs FTE
R 3	Number/type of successful innovation related initiatives in SMEs	2850	No. of businesses
R 4	Number/type of successful non innovation related initiatives in SMEs	1075	No. of businesses
R 5	Number/type of successful environmental related initiatives in SMEs	800	No. of businesses
R 6	Number/type of successful start-up businesses	280	No. of businesses
R 7	Leverage of private sector funding	€20,42m	€m
R 8	Leverage of public sector funding	€19,87m	€m
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	85%	%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	20	No. of businesses
R 13	Number of businesses integrating new products, processes or services	2875	No. of businesses

Impacts (Note: measured at programme level by independent evaluation)

Indicator reference	Description	Programme Prospectus Target	Unit of measurement
I 1	Increase in the GVA as a result of the Programme	€ 67m	€m
I 2	No of net jobs created (FTE and by gender, sector)	1015	Jobs FTE
I 3	No of net jobs safeguarded (FTE and by gender, sector)	217	Jobs FTE
I 4	Net additional number of businesses (by sector, size and location)	700	No. of businesses
I 5	Net additional number of knowledge intensive firms	65	No. of businesses

4.4.2 Priority axis 2 - Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion

Outputs

Indicator reference	Description	Initial Programme Prospectus Target	Unit of measurement
O 2.1	Number/type of start-ups receiving Priority 2 assistance	85	No. of businesses
O 2.2	Number/type of SMEs receiving Priority 2 assistance - risk capital	45	No. of businesses
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	2500	No. of businesses
O 2.4	Number of social enterprises receiving Priority 2 assistance	30	No. of businesses
O 2.5	Number of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	465	No. of businesses
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	250	No. of businesses

Results

Indicator reference	Description	Initial Programme Prospectus Target	Unit of measurement
R 1	No of gross jobs created (FTE and by gender)	775	Jobs FTE
R 2	No of gross jobs safeguarded (FTE and by gender)	620	Jobs FTE
R 3	Number/type of successful innovation related initiatives in SMEs	275	No. of businesses
R 4	Number/type of successful non innovation related initiatives in SMEs	509	No. of businesses
R 5	Number/type of successful environmental related initiatives in SMEs	650	No. of businesses
R 6	Number/type of successful start-up businesses	17	No. of businesses
R 7	Leverage of private sector funding	€41,95m	€m
R 8	Leverage of public sector funding	€7,56m	€m
R 10	Return (IIR) on OP risk capital investments - 10 years	10%	%
R 13	Number of businesses integrating new products, processes or services	1230	No. of businesses

Impacts (Note: measured at programme level by independent evaluation)

Indicator Reference	Description	Initial Programme Prospectus Target	Unit of Measurement
I 1	Increase in the GVA as a result of the Programme	€47m	€m
I 2	No of net jobs created (FTE and by gender, sector)	725	Jobs FTE
I 3	No of net jobs safeguarded (FTE and by gender, sector)	155	Jobs FTE
I 4	Net additional number of businesses (by sector, size and location)	500	No. of businesses
I 5	Net additional number of knowledge intensive firms	47	No. of businesses

4.4.3 Priority axis 3 - Promoting sustainable development, production and consumption

Outputs

Indicator Reference	Description	Programme Prospectus Target	Unit of Measurement
O 3.1	Number of organisations receiving Priority 3 assistance	2000	No. of businesses
O 3.2	Number/type of low carbon construction and refurbishment initiatives	12	No. of constructions
O 3.3	Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' of better	15000 m²	Sqm
O 3.4	Number of energy efficiency demonstrator projects	25	No. of projects

Results

Indicator Reference	Description	Programme Prospectus Target	Unit of Measurement
R 1	No of gross jobs created (FTE and by gender)	710	FTE jobs
R 2	No of gross jobs safeguarded (FTE and by gender)	720	FTE jobs
R 5	Number/type of successful environmental related initiatives in SMEs	1250	No. of businesses
R 7	Leverage of private sector funding	€23,18m	€m
R 8	Leverage of public sector funding	€17,1m	€m
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	85%	%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	50	No. of businesses
R 12	Number of businesses supplied with low or zero carbon energy	75	No. of businesses

Impacts (Note: measured at programme level by independent evaluation)

Indicator Reference	Description	Initial Programme Prospectus Target	Unit of Measurement
I 1	Increase in the GVA as a result of the Programme	€ 75m	€m
I 2	No of net jobs created (FTE and by gender, sector)	1160	Jobs FTE
I 3	No of net jobs safeguarded (FTE and by gender, sector)	248	Jobs FTE
I 4	Net additional number of businesses (by sector, size and location)	800	No. of businesses
I 5	Net additional number of knowledge intensive firms	75	No. of businesses

Section 5

Programme cross cutting themes

5.1 Introduction to cross cutting themes

The programme will have these two cross cutting themes:

- Equality and diversity
- Environmental sustainability

All applications for funding under the programme should demonstrate how both cross cutting themes have been addressed in project design and development. They should also give details of how the projects will implement the themes effectively. The programme appraisal will include minimum requirements for both cross cutting themes. Projects that fail to meet them will not proceed to approval.

5.1.1 Equality and diversity

Projects that are part-financed by the Structural Funds must comply with, and where appropriate contribute to, Community policy and legislation on equality and diversity of outcomes for men and women. Council Regulation 1083/2006 Article 16 underlines that Structural Funds activity should promote equality and diversity, so the programme will support actions that do so. This will cover areas such as access to employment, terms and conditions of employment, access to business services and facilities, and work/life balance for women and men.

A strong commitment to equality and diversity is needed to achieve long-term prosperity for the region, and to ensure better prospects and access to economic opportunity for local residents. Positive action is also required to ensure that people with protected characteristics have equal access and opportunities for training, development and jobs, and do not face unfair discrimination in the labour market and workplace. Protected characteristics are: gender, race, disability, age, gender re-assignment, sexual orientation, religion/belief, marriage/civil partnership, pregnancy/maternity.

Equality and diversity are core values of the programme, so there will be a commitment to them in both implementation and delivery. Equality and diversity issues should be integrated into all aspects of project planning and implementation, including monitoring and evaluation. Projects will be assessed on whether they have actively considered the promotion of equality and diversity, including the questions of whether:

- Promotion of equality and diversity has been part of the design of the project
- Positive action will be implemented within service delivery
- The project will identify and meet the needs of people with protected characteristics (this should as far as possible take account of the finer-grained targeting of communities in particular need of support)
- Issues of equality and diversity will be challenged, monitored, reviewed and evaluated

Projects should demonstrate a clear understanding of target groups within the geographic area, or communities on which they are focused, using relevant demographic baseline data.

In the East of England, an equalities group has been established as a sub-group of the Local Management Committee. The Equalities Group will advise the Local Management Committee on integrating equality and diversity into Structural Fund programmes in the East of England. In particular the group is expected to recommend how equality and diversity elements of the programme should be implemented – including issues related to the appraisal and endorsement of projects – and to advise on methodologies for monitoring and evaluation.

Members of the group will be selected to ensure understanding of protected characteristics. There will also be representatives from each of the Structural Funds programmes in the East of England. The chair of the Equalities Group will also be a member of the Local Management Committee and will act as the Equalities Group representative at Local Management Committee meetings.

5.1.2 Environmental sustainability

The European Union requires that all Structural Funds activity promotes sustainable development and the protection and improvement of the environment. This is set out in Article 6 of the Treaty of Amsterdam. The wide-ranging provisions of Article 6 are implemented through the EU Lisbon and sustainable development strategies. Together these provide the driving force for a more prosperous and socially cohesive Europe, while safeguarding precious environmental assets and striving to achieve low carbon status.

To promote sustainable development, Article 6 requires Community policies to include provision for environmental protection. The Brundtland Commission provides the preferred definition of sustainable development – "*development which meets the needs of the present without compromising the ability of future generations to meet their own needs*."

For the 2007-13 programming period, sustainable development has been reconfirmed as one of the most important principles of the Cohesion Policy. The cross-cutting nature of sustainable development, and need to integrate it within Community policy, is reflected in Article 17 of the General Provisions Regulation for the Cohesion Policy 1083/2006/EC.

At the highest level, the programme theme – towards low carbon economic growth – should ensure that principles of environmental sustainability are totally embedded within the programme. The theme will influence how the programme is promoted, how projects are chosen, and how progress is monitored.

The programme will seek to ensure that sustainable development is promoted *horizontally* across the range of project activity during delivery. It will do this by asking a series of 'gateway' questions during the application process, and setting minimum requirements in the appraisal. These will help applicants to consider all relevant environmental impacts, and how they might be reduced. This will ensure environmental factors are taken into account when projects are considered for funding.

These measures, and the arrangements for monitoring, will ensure that projects comply with the indicators identified in the Operational Programme Strategic Environmental Assessment. Environmental sustainability is about minimising negative impact, while creating positive and sustainable economic, social and environmental opportunities.

The programme will also support sustainable development *vertically* through a series of specific actions, including but not limited to:

- the development of clean technology and energy-efficient products and services, and associated business infrastructure
- Reduction of the carbon footprint of the region’s business base
- Reduction of the carbon footprint of the region’s communities
- Addressing resource efficiency in the region
- Encouraging the adoption of environmental management systems

Section 6

Eligibility, costs and match funding

6.1 Eligibility rules

ERDF-funded projects must satisfy certain eligibility criteria and conditions. This section provides guidance on them, but will not answer all possible questions. The ERDF team can respond to specific questions about eligibility from organisations developing projects.

6.2 Eligible area

To be eligible for the programme, projects must be located in the East of England region. It is no longer possible to fund projects located outside of the eligible area, even if most of the beneficiaries are located in the area.

6.3 Who can apply for ERDF?

ERDF grants can be awarded to public, private (non-profit-making) and voluntary sector organisations. In the past, many successful ERDF bids have been co-ordinated by the public sector – notably by local authorities and non-profit-making 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 with DCLG. The applicant is the organisation that negotiates with DCLG and enters a contract with it. Therefore it carries the liability for ensuring that the terms of the ERDF grant agreement are met. ERDF is not paid directly to profit-distributing private sector organisations, for an organisation's own benefit or for a single beneficiary.

Partnerships can apply for ERDF funding providing they are constituted as a legal entity. Alternatively, one member of a partnership can act as a lead partner on behalf of a partnership bid. Contact the ERDF team for advice.

6.4 Activities not eligible for ERDF support

The following is a list of the types of activities and organisations that are not eligible for ERDF support. These are examples and do not represent an exhaustive list:

Generalised further education activities and facilities.
The production of synthetic fibres, textiles and clothing, motor vehicles, shipbuilding and coal and steel. Agriculture and food processing are also excluded from ERDF support. As this applies to aid for the manufacturing sector, it is unlikely to apply directly to ERDF projects being considered under this programme. It may, however, affect projects where the benefits of grant are passed on to third parties.
Banks and insurance companies. These should not be directly offered grant, although would be acceptable as supporting members of a consortium or as co-financers of a Venture Capital Fund or other loan fund.
Social or welfare facilities e.g. hospitals, nursing homes, fire stations, stand-alone childcare schemes or facilities, sports facilities, parks and public libraries – when these are not directly linked to activities of an economic nature specifically related to the objectives of this programme.
Building of housing stock. Some sector specific support is eligible for renewable energy and low carbon retrofit for social and vulnerable housing. These projects need to be part of the specific calls for housing as discussed in section 3.3.4.
Exclusively retail developments or support for retail.

6.4.1 Demarcation

Activities that are funded by other EU programmes, or are targeted by them, usually cannot be funded by the ERDF competitiveness programme. Examples include training (covered by the European Social Fund) and support for land-based businesses (covered by the Rural Development Programme England). More detail is given in the operational programme document Section 7. Where doubt exists, the ERDF team can advise on a case-by-case basis.

6.5 Match funding

Match funding is money used to match the ERDF grant. Applicants will need to show that this match funding is in place *before* an ERDF grant can be awarded. Match funding can come from a wide range of sources, either public or private. It may be the applicant organisation's money (e.g. expenditure on salaries), or the applicant may have secured a grant offer towards the project costs from another funding programme. Applicants may have funding from a range of trusts and charities or from the private sector.

Match funding must directly relate to the activity of the project and contribute towards delivery of the project targets. For example, funding for the training of individuals cannot be used to match a project that supports the development of business clusters.

Match funding must be confirmed in writing at the full application stage.

6.5.1 Income as match funding

The rules on the use of income as match funding have changed since the 2000-06 ERDF programme.

An income/revenue generating project is defined as any activity involving an investment in infrastructure, the use of which is subject to charges borne directly by users. It is also any activity involving the sale or rent of land or buildings, or any other provision of services against payment.

Projects that generate revenue may be supported by ERDF, but **any anticipated revenue will be deducted from the total eligible expenditure at the time of the offer of ERDF grant, this includes revenue which is intended to be reinvested into the project or to continue low carbon aspirations**. The ERDF grant should be based on eligible expenditure alone, excluding anticipated revenue. If a project is unable 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. It is therefore essential that projects make a careful assessment of the level of income that will be generated by the proposed project.

The East of England Programme Delivery Team can request the repayment of all or part of the ERDF grant awarded.

6.5.2 In-kind match funding

The rules on in-kind match-funding have changed since the 2000-06 ERDF programme.

In-kind match funding is not eligible for ERDF, except in cases where a clear valuation can be made, such as the donation of a building or land (when the value can be assessed and audited by an independent qualified valuer or duly authorised official body) and that a transaction has taken place to show ownership from one organisation has passed to the applicant. Salary costs can be included providing there is clear evidence of time spent on the project and costs related to it.

Discounted sales of equipment, the provision of volunteers' time, the discounted provision of services or advice (e.g. solicitors', accountants' or small and medium sized enterprises' staff time) are strictly ineligible.

Where eligible in-kind match funding is used DCLG will expect a cash equivalent proportion of match funding to be included in the project. For example in a project containing 40 per cent ERDF and 60 per cent match the maximum in-kind match funding would be 30 per cent of the eligible costs.

6.6 Calculating costs

Applicants must submit a detailed budget breakdown at the Full Application stage. DCLG recommends that applicants calculate their budgets before submitting an expression of interest, as they will be expected to confirm that they can meet the performance indicator targets stated within the total project cost stated on the expression of interest. Projects will only be funded on a real cost basis. Expenditure profiles will have to be agreed separately with each delivery organisation as part of the contracting process.

6.6.1 What is the difference between capital and revenue projects?

Capital projects	involve investment in property or other fixed assets, and provide infrastructure for existing and future industry and commerce.
Revenue projects	provide support services to businesses for non-capital expenditure (such as salaries) and other running costs (such as promotional activities).

Priority 2 will support revenue activity only (apart from the access-to-finance instrument); priorities 1 and 3 will support revenue activity and very limited capital activity only.

6.6.2 What are capital and revenue costs?

Costs should be selected from the lists below. Any sub-costs should be shown in the full application form..

Capital costs:

- Land acquisition – this may not exceed 10% of the project's total eligible expenditure
- Building acquisition
- Site investigation
- Site preparation
- Building and construction – covers all works to land (e.g. landscaping) and to the fabric of a building, but does not include decorative items such as artwork.
- Plant, machinery, and equipment with an asset lifetime of **more** than one year
- Fees – for professional services such as legal or architects' fees. This can also include the salary of a single designated project supervisor/manager. The total cost for fees should not normally exceed 12.5 per cent of total eligible expenditure, unless a special case is made to the ERDF team.

Revenue costs:

- Salary costs of delivery staff i.e. staff **directly** involved in the delivery of the ERDF project. This includes gross salary payments by the employer. Sick leave and/or maternity payments are an eligible cost, if they are written into an employment contract. As an alternative to the latter, the costs of employing a temporary replacement for an employee away on maternity leave are eligible for ERDF. However, the project cannot also receive ERDF towards the maternity costs of the permanent employee. It should be one or the other. In either case, this may result in an increase in overall staff costs and may need DCLG approval
- Recruitment and training of delivery staff. Note that it is expected that all organisations submitting an application for ERDF grant are already in a position to deliver the approved activities. Staff training costs may only therefore be included where you identify that an individual has specific training needs necessary for the delivery of the ERDF project that could not be identified before the project began
- Travel and subsistence of delivery staff (does not include refreshments for internal staff meetings)
- External consultancy support (e.g. specialist business advisors)
- Marketing and publicity for the project
- Equipment with an asset lifetime of less than a year. This can include computers for staff directly involved in delivering the project. It is generally assumed that the items of equipment will cost under £1,000
- Events, where they are part of the project delivery. Note that only 'reasonable' costs will be supported. This should be discussed with DCLG
- Overheads (see below)

6.6.3 Evaluation costs

In addition, projects (capital or revenue) will need to include costs for project-level evaluation. Further guidance will be issued when a programme evaluation strategy has been agreed by the Local Management Committee.

6.6.4 Overheads

All indirect costs will need to be apportioned using a "real cost" methodology where it can be demonstrated that these costs are clearly attributable to the project. These costs will need to be supported by the necessary evidence (invoices, timesheets etc) throughout the project.

Where the "real cost" methodology is used, all project costs should be actual and evidenced. Where actual cost is shared with organisational non-project costs (indirect), then apportionment is permissible providing:

a) The source cost is eligible for ERDF support and fully auditable (receipts, bills etc)

b) The cost is clearly relevant - additionally incurred or shared by the project (heating, lighting, rent, rates administration and other central services etc)

c) The cost can be realistically apportioned to arrive at a figure that reflects the true cost incurred by the project applicant in carrying out the ERDF project.

d) Costs already met through public or private funding of institutions should be excluded.

e) The costs must relate to actual cost and not be a standard internal recharge.

Apportionment will require a method relevant to each cost, so that, the major costs such as heating bills lighting etc, are calculated against <u>real</u> bills and are apportioned by reference to the actual room space used for the project, and administrative staff costs are based on the hours devoted to the project by the staff concerned and fully evidenced through timesheets.

Another example, Telephone bills & rental charges etc. will require a methodology based on actual telephone use by the project.

Any costs where actual cost and relevance is not evidenced should be removed from any claim calculation.

Apportionment methodologies should be set out clearly in the initial application for grant to be approved by the ERDF team.

Any single method of apportionment (cost pooling) is not acceptable to ERDF requirements, as identified in recent audit findings, especially where such a single method creates an averaging of central costs for every project, i.e. not relevant to each project specifically, or based upon on the level of, say, project salary costs.

1.1 In summary therefore it is important to ensure that all indirect costs are actual, auditable & directly attributable to the project.

1.2 In practice therefore this means:

a Not to allocate budget costs instead of actual costs;

b Not to base hourly costs on timetabled hours instead of actual hours worked;

c Not to use theoretical charges for certain indirect costs (e.g. 15% central admin charges);

d Not to include items in the calculation that are ineligible; and

e Not to use theoretical rent or rates instead of actual payment.

Please Note that ERDF grant can only be paid in relation to eligible expenditure. Applicants are responsible for maintaining adequate records to fully document all expenditure, and to make these records available to the Secretariat and auditors as required. ERDF grant that has been used for ineligible activities will have to be re-paid. Applicants should therefore consult the Secretariat/Executive if they are in any doubt about eligible expenditure.

Indirect - premise costs

Premise costs which are shared with organisational non project costs are eligible if they conform to the points above. These costs must relate to the premises and can include,

- Rent
- Rates
- Utilities (water, electricity, gas etc.)
- Service charges
- Cleaning

Once these costs have been identified they can be apportioned using the space or area used method below. This also allows for premises cost to be apportioned on a time based method to incorporate indirect staff keeping timesheets.

1.3 A project can use budget figures to estimate the total project cost of the above items to be included in their ERDF application.

1.4 However on a quarterly or annual basis as actual bills and invoices for these services are received & paid (i.e. the actual costs incurred during the period that have been agreed by the Executive as eligible) an adjustment should be made to ensure an accurate & fair share of the costs have been contributed by the ERDF project. This should be backed up for audit purposes by the original invoices.

1.5 Similarly if extra users (or fewer) were accommodated in the premises used by the ERDF project, these calculations would need to be adjusted accordingly to ensure ERDF only contributes a fair & equitable proportion to the total actual costs incurred.

The applicant will need to identify & list all the premises costs that can be specifically related to the ERDF project activity. This list should then be reviewed by the Secretariat/Executive to ensure that all cost headings are eligible & reasonable. Once agreed the Apportionment methodologies should be set out clearly in the initial application for grant.

Indirect - staff cost

Staff that are not directly engaged on the delivery of the project activities i.e. central administration, expenditure can be included and will need to be based on the "real cost". Time sheets must be maintained which demonstrate the full contracted working hours of the individual and the ERDF hours worked.
This actual time can then be apportioned using the hourly rate established in the method below.

Calculating indirect costs in the HE sector

HEIs use of the Transparent Approach to Costing (TRAC) may be used to calculate indirect costs, although it should be noted that TRAC covers organisational costs but does not ensure the included items are relevant to the project. This has been found to be non-compliant by previous EC audits because Applicants for ERDF grant must ensure that any overhead costs claimed relate only to the resources actually consumed by the ERDF projects in question.

Therefore, if possible, indirect costs should normally be calculated by straightforward apportionment based on a suitable proxy for actual consumption by the project.. However, where overheads cannot be calculated in this manner, TRAC may be used, *providing that the HEI concerned can demonstrate that the cost pooling it is using properly reflects the actual consumption of the ERDF projects for which it is claiming grant.*

For more in depth guidance on using the TRAC system for claiming indirect costs, please contact the ERDF Monitoring Team.

6.7 Ineligible ERDF costs

Ineligible costs include any expenditure that does not clearly and directly relate to the activity of the project, and any expenditure that is not supported by auditable evidence. While not an exhaustive list, ineligible costs include:

- Notional expenditure, including overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant
- 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
- Profit made by the applicant
- 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; payments into private pension schemes
- Payments for unfunded pensions
- Costs incurred by organisations in receipt of ERDF in the recruitment of personnel, for example agency fees, as they do not contribute towards the delivery of the project
- Costs incurred by organisations in relocating personnel displaced by the refurbishment or conversion of a building for ERDF use
- Costs incurred prior to the start date specified in contract offer letter
- Recoverable VAT

6.7.1 VAT

Recoverable VAT is not an eligible cost for ERDF. Applicants are advised that project costs can include VAT if it is non-recoverable by the project deliverer, and this should be included in the projects costs breakdown. Applicants will need to check with HM Revenue and Customs if they are unsure about the VAT status of their project's activities. DCLG cannot provide advice on the VAT status of individual delivery organisations.

6.7.2 Depreciation

Depreciation cannot be claimed on assets purchased with ERDF assistance. Depreciation on assets purchased without an ERDF contribution, but used as part of the project's activity, are eligible, providing the cost of depreciation is not being met from other sources.

6.7.3 Consultancy costs

If applicants are including consultancy costs as part of the budget, applicants should ensure they include a justification for these costs in the full application. In particular, they should give the rationale for using consultants in place of salaried staff, and the justification for using ERDF to support the higher consultancy costs and, typically, the shorter duration of consultants' contracts. If an agreement is reached to include consultancy costs as part of the ERDF project, then any consultants working on the project must be procured in the manner outlined in the procurement section below.

6.7.4 What are beneficiary costs and are these eligible for ERDF support?

Beneficiary costs are the costs incurred by beneficiary organisations assisted by the project that receives the ERDF grant. Costs could include travel allowances and equipment needed for training (e.g. protective clothing).

ERDF can only support the costs of *delivering* the project. The organisations that benefit from the programme – the beneficiaries – also incur costs (e.g. staff time attending meetings or seminars, travel expenses etc), but because this is expenditure by organisations not involved in delivering the project, it does not qualify for ERDF support.

Thus, projects should include the direct costs in their budgets of providing childcare, accessible venues, community language translations and interpreters etc. to ensure that all barriers to equal opportunities groups benefiting from the project are removed. Applicants should be careful not to include expenditure by beneficiary companies in their match-funding package.

6.8 Claims for ERDF payment

Successful projects will need to be registered on the DCLG payments and claims system in order to submit claims and receive ERDF payments. Note that the ERDF programme operates on calendar years (i.e. January to December), not financial years (i.e. April to March).

Projects will only be funded on a real-cost basis. ERDF grant payments will be made in arrears each quarter, with payments dependent on the previous quarter's financial and performance reports. When claims are submitted, DCLG will check that the ERDF grant has been used for the purposes for which it was awarded, and that that all the expenditure items are eligible. Only defrayed expenditure can be claimed by projects; there is no forward funding.

ERDF can only be claimed for expenditure incurred directly by the lead applicant or the delivery partners with which they have a legally-binding agreement.

DCLG reserves the right to withhold any or all of the payments and/or to require part or the entire grant to be repaid if during its economic life the project undergoes substantial change. This is defined as being used for purposes other than those specified in the application, or having a change of owner. The economic life of the project is taken to be 15 years for fixed assets, unless otherwise agreed by us. For all other projects the economic life is the period up to the last payment of grant or achievement of the last of the indicator targets specified in projects' offer letters or five years from date of the grant offer letter, whichever is the latter.

6.9 Procurement

It is essential that projects follow the correct procurement rules**.** ERDF grants can be suspended, withdrawn and/or reclaimed from projects if it is found subsequently that the procurement rules have not been observed. In the 2000-06 ERDF programme, funds were clawed back from some projects that did not adhere to the rules.

European procurement rules are complex and the following is a very brief description. This description is not intended to provide guidance on how the Directives should or should not be applied. If there is any doubt about the application of the procurement rules, applicants should seek legal advice. In general, where doubt remains (after consultation with lawyers or other experts) about the application of the procurement rules, it may be better to err on the side of caution. Note that Directives are implemented in the UK by Statutory Instruments. Applicants should examine the appropriate Statutory Instrument to ensure they comply with the requirements.

Any clarifying guidance will be available for applicants that reach the full application stage.

Basic Standards for low value contracts which fall below the EC thresholds

- Contract awards procedures which do not exceed the EC thresholds must be in line with the procurement rules of the ERDF implementing body (DCLG.) The EC principles of equality of treatment, non-discrimination, transparency, free movement and competition must therefore be respected throughout the entire process.
- The following table summarises the key requirements for supplies and services contracts which fall below the EC threshold (currently £113,057.)

Estimated Value of Goods or Services	Action Required
Below £20,000	**VFM must be demonstrated by obtaining 3 quotes or prices but this need not be done through a formal advertised competition.**
£20,001 to OJEU threshold	**Formal invitation to tender process must be followed and the requirement advertised in the press and on the internet. The level of advertising must be sufficient to allow a level of competition, potentially from another member state (if the contract award might potentially be of interest to suppliers located in other Member States).**
Over OJEU threshold	**Full advertisement in OJEU**
Value of Works	Action Required
Below £429,999	**VFM must be demonstrated by obtaining 3 quotes or prices but this need not be done through a formal competition.**
Over £430,000	**Formal invitation to tender process must be followed and the requirement advertised in the press and/or on the internet. The level of advertising must be sufficient to allow a level of competition, potentially from another member state (if the contract award might potentially be of interest to suppliers located in other Member States).**

- Where contracts exceed £20,000 in value, an adequate level of advertising of the contract must be made in order to ensure that the general EC principles of equal treatment and transparency are respected

- An appropriate level of advertising for contracts exceeding £20,000 in value equates to publication of the contract in the national or local press, in the relevant trade publications, and on the website of the contracting authority.
- The entire process must be clearly documented, and records of the advertising of the tender specification, the issue of ITTs, tenders received, subsequent evaluation process and contract award and notifications to unsuccessful applicants must be retained.
- The above rules apply to public sector organisations, or to organisations financed for the most part by the State or local authorities or other bodies governed by public law. The rules are also applicable to private sector organisations acting as a delivery agents for the public sector.
- Private sector organisations not acting as delivery agents for the public sector are still required to demonstrate that a transparent process has been implemented and that value for money has been obtained when using ERDF grant to procure contracts and services. Private sector organisations must therefore use an open competitive process or benchmarking to ensure that value for money has been obtained.
- The above rules also apply to contracts and services procured prior to the project start date stated on the ERDF contract where the services in question are part of the activity funded by ERDF.

General Legal Framework for contracts exceeding the EC Thresholds (see table below)

- For contracts that exceed the thresholds set in the EC public procurement directives, contracting authorities must comply with a specific legal framework. This applies to service contracts exceeding £113,057 and to works contracts exceeding £4,348,350
- All contracts exceeding the EC thresholds must be advertised in the Official Journal of the EU (OJEU.)

There are four types of procedures for contracts exceeding the EC Thresholds

- Open Procedure – all those interested may respond to the advertisement in the OJEU by tendering for the contract. After the OJEU notice is posted, tenders must be submitted within 52 days of the publication of the notice.
- Restricted Procedure – this is a two tier process. After the OJEU notice is posted, potential delivery organisations are required to complete a pre qualification questionnaire (PQQ) within 37 days. Successful bidders are then invited to submit a tender. There must be a minimum of five bidders. Tenders must be submitted within 40 days of the issue of the Invitation To Tender (ITT.) This enables purchasers to avoid having to deal with an overwhelmingly large number of tenders.
- Negotiated Procedure – where the contracting authority may select one or more potential bidders to negotiate the terms of the contract. An advertisement in the OJEU is usually required, although in exceptional circumstances the contract does not have to be advertised in the OJEU. This applies when for technical reasons or for reasons connected with the protection of exclusive rights the services can only be provided by a particular provider, or when reasons of extreme urgency occur due to unforeseeable events. *The burden of proof is on the contracting authority to justify the use of an operator using a negotiated procedure, and it should be noted that both restricted and negotiated procedures should not be used without first seeking professional advice*

- Competitive Dialogue – only for use with particularly complex projects, where, for example, the contracting authority is not able to define the technical means capable of satisfying its needs, and it is therefore necessary to conduct a dialogue with the candidates prior to inviting tender submissions.

Selection and Award Criteria

- Contracting authorities are required to understand the difference between selection and award criteria and apply them correctly.
- Selection criteria are minimum requirements and concern the suitability of prospective service providers to perform the contract. They relate to professional qualifications, economic and financial standing, technical and professional ability and good repute. Selection criteria must be communicated prior to the submission of applications and must therefore be included in the contract notice or in the PQQ or tender documents so that potential bidders are aware of all the elements due to be taken into account in identifying the economically most advantageous tender.
- Award criteria are aimed exclusively at identifying the lowest price or most economically advantageous tender. Award criteria must also be published in the contract notice or in the ITT documents.

There must be transparency throughout the whole tender process. Nothing can be changed without prior explanation to all parties concerned. Contract specifications must not be artificially divided to avoid exceeding the limit at which OJEU procedures apply, and must not be written so as to ensure that only one supplier could fulfil the contract.

	SUPPLIES	SERVICES	WORKS
Entities listed in Schedule 1 of the Regulations	**£113,057 (€130,000)**	**£113,057[2] (€130,000)**	**£4,348,350[3] (€5,000,000)**
Other public sector contracting authorities	**£173,934 (€200,000)**	**£173,934 (€200,000)**	**£4,348,350[3] (€5,000,000)**
Indicative Notices	**£652,253 (€750,000)**	**£652,253 (€750,000)**	**£4,348,350 (€5,000,000)**
Small lots	**£69,574 (€80,000)**	**£69,574 (€80,000)**	**£869,670 (€1,000,000)**

In the absence of the necessary knowledge to perform an OJEU process, the project should look at the advise provided by the Office if Government Commerce www.ogc.gov.uk

6.10 Audit procedures

It is essential that projects maintain a comprehensive audit trail for all activity and expenditure. Failure to do this may result in the claw back or non-payment of ERDF.

At project conclusion, a final monitoring visit is undertaken to verify total eligible project expenditure, total match funding received and total outputs and results achieved. A report is issued summarising the findings of the final visit, and the final 10 per cent of a project's ERDF allocation is released as soon as all outstanding issues have been resolved.

Section 7 Information and useful links

Further information can be obtained from the ERDF team. Contact details are below:

ERDF Enquiries
ERDF Local Delivery Unit, East of England
Department of Communities and Local Government
Eastbrook, Shaftesbury Road, Cambridge CB2 8DR
t: 0303 444 6400

Tel: 0303 4446400 (ERDF enquiry line)

E-mail: ee.erdfenquiries@communities.gsi.gov.uk

Website

Web pages have been developed for the East of England ERDF competitive programme on the DCLG website. They include:

- East of England ERDF competitiveness operational programme
- Priority axis indicative activities
- Programme summary
- Outline and full application forms
- Guidance notes
- Programme Prospectus
- Announcement of bidding rounds

The website address is
http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/

Further information and copies of Structural Funds regulations can be downloaded from the European Commission Regional Policy Directorate website:

http://ec.europa.eu/regional_policy/index_en.htm

Appendix 1

Programme financial tables

Operational Programme - Table 1 (EUR M)

Programme Reference Number (CCI number):

Year	ERDF	Total
2007		
In regions without transitional support	€ 14,930,117	€ 14,930,117
In regions with transitional support	€ 0	€ 0
Total 2007	€ 14,930,117	€ 14,930,117
2008		€ 0
In regions without transitional support	€ 15,228,719	€ 15,228,719
In regions with transitional support	€ 0	€ 0
Total 2008	€ 15,228,719	€ 15,228,719
2009		
In regions without transitional support	€ 15,533,294	€ 15,533,294
In regions with transitional support	€ 0	€ 0
Total 2009	€ 15,533,294	€ 15,533,294
2010		€ 0
In regions without transitional support	€ 15,843,959	€ 15,843,959
In regions with transitional support	€ 0	€ 0
Total 2010	€ 15,843,959	€ 15,843,959
2011		
In regions without transitional support	€ 16,160,838	€ 16,160,838
In regions with transitional support	€ 0	€ 0
Total 2011	€ 16,160,838	€ 16,160,838
2012		
In regions without transitional support	€ 16,484,055	€ 16,484,055
In regions with transitional support	€ 0	€ 0
Total 2012	€ 16,484,055	€ 16,484,055
2013		€ 0
In regions without transitional support	€ 16,813,737	€ 16,813,737
In regions with transitional support	€ 0	€ 0
Total 2013	€ 16,813,737	€ 16,813,737
Totals		
In regions without transitional support	€ 110,994,719	€ 110,994,719
In regions with transitional support	€ 0	€ 0
Grand Total 2007-13	€ 110,994,719	€ 110,994,719

Table 8-1: Financial Allocation by Priority ('000 euro)

Priority Axes	Community Funding (a)	National Counterpart	Indicative Breakdown of National Counterpart		Total Funding	Co-Financing Rate	For Information		
			National Public Funding (c)	National Private Funding (d)			EIB Contribution	Other Funding	% of ERDF Allocation
Priority 1 - Promoting innovation and technology transfer with the intention of improving productivity	**€ 37,293,431**	**€ 55,939,000**	**€ 30,766,000**	**€ 25,173,000**	**€ 93,232,431**	**40%**	**€ 0**	**€ 0**	33.60%
Priority 2 - Stimulating enterprise and supporting successful businesses by overcoming barriers to business creation and expansion	**€ 32,639,500**	**€ 48,961,000**	**€ 36,708,685**	**€ 12,252,315**	**€ 81,600,500**	**40%**	**€ 0**	**€ 0**	29.41%
Priority 3 - Ensuring sustainable development, production and consumption	**€ 36,622,000**	**€ 54,933,000**	**€ 45,777,500**	**€ 9,155,500**	**€ 91,555,000**	**40%**	**€ 0**	**€ 0**	32.99%
Priority 4 - Technical Assistance	**€ 4,439,788**	**€ 4,439,788**	**€ 4,439,788**	**€ 0**	**€ 8,879,576**	**50%**	**€ 0**	**€ 0**	4.00%
Total	**€ 110,994,719**	**€ 164,272,788**	**€ 117,691,973**	**€ 46,580,815**	**€ 275,267,507**	**40%**	**€ 0**	**€ 0**	100.00%

Programme Financial Tables (UKP)

East of England ERDF Competitiveness Programme
Financial Tables - Allocation Annualised by Priority Axis (£)

Exchange Rate					**Table 4 (£)**
1.13915	**2007**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,403,645.20	3,854,104.43	4,324,361.96	524,254.56	13,106,366.15
Public	3,632,879.70	4,334,597.82	5,405,452.46	524,254.56	13,897,184.52
Private	2,972,452.73	1,446,765.47	1,081,090.49	0.00	5,500,308.69
Total	11,008,977.62	9,635,467.71	10,810,904.91	1,048,509.11	32,503,859.36
1.16625	**2008**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,387,344.54	3,839,837.96	4,308,354.78	522,313.96	13,057,851.23
Public	3,619,432.12	4,318,552.74	5,385,443.47	522,313.96	13,845,742.29
Private	2,961,449.81	1,441,410.08	1,077,088.69	0.00	5,479,948.58
Total	10,968,226.46	9,599,800.78	10,770,886.94	1,044,627.92	32,383,542.10
1.167454	**2009**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,470,476.43	3,912,595.63	4,389,989.96	532,210.82	13,305,272.84
Public	3,688,013.52	4,400,381.15	5,487,487.45	532,210.82	14,108,092.94
Private	3,017,563.68	1,468,722.08	1,097,497.49	0.00	5,583,783.25
Total	11,176,053.63	9,781,698.86	10,974,974.90	1,064,421.65	32,997,149.04
1.1844	**2010**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,494,644.38	3,933,747.61	4,413,722.79	535,088.02	13,377,202.80
Public	3,707,951.38	4,424,170.16	5,517,153.49	535,088.02	14,184,363.05
Private	3,033,877.01	1,476,662.17	1,103,430.70	0.00	5,613,969.88
Total	11,236,472.77	9,834,579.94	11,034,306.98	1,070,176.04	33,175,535.73
1.17998	**2011**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,601,710.09	4,027,452.36	4,518,860.90	547,834.21	13,695,857.56
Public	3,796,277.49	4,529,557.13	5,648,576.12	547,834.21	14,522,244.95
Private	3,106,146.18	1,511,837.34	1,129,715.22	0.00	5,747,698.75
Total	11,504,133.77	10,068,846.83	11,297,152.24	1,095,668.42	33,965,801.26
1.17677	**2012**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,706,547.99	4,119,207.29	4,621,811.29	560,315.17	14,007,881.74

Public	3,882,765.72	4,632,751.21	5,777,264.11	560,315.17	14,853,096.21
Private	3,176,911.57	1,546,280.59	1,155,452.82	0.00	5,878,644.98
Total	11,766,225.28	10,298,239.09	11,554,528.22	1,120,630.35	34,739,622.94

1.17147	**2013**				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	4,822,398.58	4,220,600.63	4,735,576.11	574,107.20	14,352,682.53
Public	3,978,339.10	4,746,785.31	5,919,470.14	574,107.20	15,218,701.75
Private	3,255,110.52	1,584,341.93	1,183,894.03	0.00	6,023,346.48
Total	12,055,848.20	10,551,727.88	11,838,940.27	1,148,214.41	35,594,730.75

	Totals				
Allocation	**Priority Axis 1**	**Priority Axis 2**	**Priority Axis 3**	**Priority Axis 4**	**Totals**
ERDF	31,886,767.20	27,907,545.92	31,312,677.79	3,796,123.94	94,903,114.86
Public	26,305,659.03	31,386,795.52	39,140,847.24	3,796,123.94	100,629,425.72
Private	21,523,511.49	10,476,019.65	7,828,169.45	0.00	39,827,700.60
Total	79,715,937.72	69,770,361.09	78,281,694.47	7,592,247.89	235,360,241.17

Appendix 2: Programme indicator definitions

Output indicators

<table>
<tr><th colspan="2">O1.1. & O 2.1 Number/type of start up businesses receiving Priority 1/2 assistance</th></tr>
<tr><th>Terms</th><th>Definitions</th></tr>
<tr><td>Unit of Measurement</td><td>No. of start up businesses.</td></tr>
<tr><td>Business</td><td>Start-ups of all sizes, whether or not VAT registered;
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:
• start-ups of all sizes, whether or not VAT registered;
• self-employed & sole traders
• partnerships/limited liability partnerships
• companies (private or public limited companies; private unlimited companies)
• independent spin-outs from established businesses, universities and other research and development organisations;
• not for profit companies, co-operatives, community enterprises, social enterprises</td></tr>
<tr><td>Business Created</td><td>When a new business starts trading in the region.
Starts trading is the date when the business registers for VAT or registers for National Insurance (Class 2) contributions</td></tr>
<tr><td>Counted</td><td>When the business registers for VAT or registers for National Insurance (Class 2) contributions</td></tr>
<tr><td>Beneficiary Characteristics</td><td>Other areas for reporting and analysis include:
• Cluster/sector (use the Standard Industrial Classification (SIC))</td></tr>
<tr><td>Exclusions</td><td>• A business can only be counted once within a project irrespective of the number of times or forms of assistance it receives.</td></tr>
<tr><td>Notes</td><td>Innovation defined as process of making improvements by introducing something new leading to increased value, customer value or producer value.</td></tr>
<tr><td>Sample evidence</td><td>Project / company enrolment form with NI or VAT numbers recorded.
Documentation / letters from relevant authorities confirming registration
Sample checks on Companies House website, if available.
VAT number checks, if available.
http://ec.europa.eu/taxation_customs/vies/vieshome.do?selectedLanguage=EN
Copy of businesses standard invoice which should state VAT number.
Payment confirmation of contributions under NI class 2 to HMRC
Confirmation of checks / monitoring carried out by the project on the start up.</td></tr>
<tr><td>FAQ</td><td>Q. Does the Businesses Creation growth measure (employment) also apply to the businesses attracted to the region?
A. No. The demonstrating growth only applies to the businesses created. For business attracted to the region the definition is aligned with the UKTI inward investment definition for consistency in measurement and reporting.</td></tr>
</table>

O1.1. & O 2.1 Number/type of start up businesses receiving Priority 1/2 assistance	
	Q. For businesses attracted to the region is it only the first branch of an existing business trading elsewhere that can be counted or can subsequent branches also be counted? A. **Only the first branch attracted to the region can be counted; this is consistent with counting under the Tier 3 technical Note.** Q. Can we count virtual businesses e.g. where overseas companies have a postal address/bank account only but no physical presence? A. **No. Only businesses which have a physical presence may be counted.** Q. When a project encourages a farm business to diversify, e.g. help a farmer to start up a bed and breakfast operation, I would regard this as a new business, but the farmer would probably not need or want to register separately for VAT or Class 2 NICs as a result of starting it up. Please will you confirm that new businesses resulting from diversification of an existing business may be counted and that persuasive alternative evidence of creation will be acceptable where the business owner does not need to register for VAT or Class 2 NICs? A. **Where public resources are used to assist farmers to diversify from primary production it is essential that there is transparency between the businesses. As a minimum there must be a separation of accounts between the two to ensure there is no cross-subsidisation between the farm primary production activities and any additional businesses run on the farm to ensure the aid complies with the State aid rules (agricultural and SME BE etc). Where this is the case the additional business created may be counted.** **Q. Can franchises be counted as a business created?** **A.** There are 3 basic types of franchises: 1. Where the business sets up a branch, owns it and looks for someone to manage it on their behalf (e.g. pubs with independent managers). 2. Where the franchisee sets up a business and buys the 'kit' (signs, machinery, branding etc.) and then runs it as their own business. 3. Where the franchisee buys a part share of the business and the rest is owned by the parent company. When the franchise is type 1 or 3 then they cannot be counted as a business created, unless they meet the 'new branch to the region' qualification. When it is a type 2 franchise then it may be counted as a business created if it is a new franchisee in the region, in the same way as a new business expansion to the region. However, if an existing franchisee opens a new outlet in the region this may **not** be counted as it is an expansion of his/her existing business.

O1.2, 1.3, 2.2, & 2.3. No. of SMEs' Assisted (Innovation/Non-Innovation) O3.1 Number of Organisations Receiving Priority 3 Assistance	
Terms	Definitions
Unit of Measurement	No. of businesses that are SMEs.
Definition	The EC definition of an SME (as from 1 January 2005) is:- An annual work unit fewer than 250 persons; annual turnover not exceeding €50 million or

O1.2, 1.3, 2.2, & 2.3. No. of SMEs' Assisted (Innovation/Non-Innovation) O3.1 Number of Organisations Receiving Priority 3 Assistance	
	annual balance sheet total not exceeding €43 million.
Assistance	Minimum level of assistance of at least two days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000.
Counted	When there has been a minimum of 2 days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000.
Beneficiary Characteristics	Innovation - It is envisaged that success criteria will be negotiated with applicants as part of the application process, e.g. success criteria for an innovation-related grant could be defined in terms of the successful launch of a new product/patent or in the environment-related field. Risk capital – SMEs supported through the PA2 access to finance instrument(s).
Exclusions	A business can only be counted once within a project irrespective of the number of times or forms of assistance it receives.
Sample evidence	Company enrolment form or equivalent confirming SME status, type of assistance and time taken. Must be signed off by company director or equivalent. Sample checks on Companies House website, if available**.** Copy of receipts of grant or equivalent signed by recipient. Evidence of grant application.

O1.4 No. businesses assisted to improve performance through ICT initiatives	
Terms	Definitions
Unit of Measurement	No. of businesses that are SMEs.
Definition	The EC definition of an SME (as from 1 January 2005) is:- An annual work unit of fewer than 250 persons; annual turnover up to €50 million or annual balance sheet total up to €43 million.
Assistance	Specific ICT initiatives that aim to improve business performance and efficiency.
Counted	As above.
Exclusions	A business can only be counted once within a project irrespective of the number of times or forms of assistance it receives.
Sample evidence	As O1.2

O1.5 No./type of low carbon construction enterprise hubs	
Terms	Definitions
Unit of Measurement	No. of constructions.
Definition	No. of constructions providing enterprise hub infrastructure that meet BREEAM very good or better standards.
Counted	As above.
Sample evidence	BREEAM certification Construction contracts / contract specification.

O1.5 No./type of low carbon construction enterprise hubs	
	Physical existence

O1.6 & 2.6 No. businesses within the region engaged in new collaboration with the knowledge base/business to business networks	
Terms	**Definitions**
Unit of Measurement	No. of businesses/enterprises
Business/ Enterprises	The 3 main types of business are sole proprietorships, partnerships and companies
Support	ERDF minimum of: Two days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000. • Provided prior to or during the collaboration; and • Directed at the business and/or the knowledge base unit involved in the collaboration.
New collaboration	A first involvement between at least one firm and one knowledge base organisation. It includes the first collaboration by a firm with a department within a knowledge base organisation.
Unit of measurement	No of businesses
Counted	The output is counted when the collaboration between a business and the knowledge base starts.
Exclusions	A business can only be counted once within a project irrespective of the number of times or forms of assistance it receives
Knowledge base	Includes UK Public Sector Research Establishments (PSRE) or equivalents, Research and Development Organisations, Research and Technology Organisations, 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: • research collaborations and free dissemination of research • contract research on behalf of industry • licensing of technology to business users • the sale of services, data and software • formation of joint ventures and spin-out companies.
Sample evidence	Business **- Name, address (incl. post code,) telephone number, email, website. Confirmation of ownership and number of employees. Date assistance received.** Knowledge Base **- Name, address (incl. post code,) telephone number, email, website. Check it is included in the categories above. The name of the organisation/department involved in the collaboration and contact details.** New collaboration **- Letter of agreement for collaboration/memorandum of understanding, which states what each partner is going to put in /receive from the collaboration, and confirmation that it is their first involvement in the activity. To be signed off by senior managers of each organisation.**
Notes	**The output aims to measure is the number** of businesses **engaged in collaboration**

O1.6 & 2.6 No. businesses within the region engaged in new collaboration with the knowledge base/business to business networks	
	with the knowledge base. **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.** **A collaboration between:** • **1 business firm and 3 new knowledge base organisations = 1.** • **3 businesses and the same knowledge base organisation = 3.** **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 Public Sector Research Exploitation Fund. The current fund guidelines identify PSREs.**
FAQ	Q. What constitutes the knowledge base? A. **The knowledge base is defined above. Broadly it is organisations publicly funded to do research and generate knowledge.** Q. What constitutes a Research and Technology Organisation (RTO)? Does it include *any* company to company collaboration or is it restricted? A. **Research and Technology Organisations are defined above. While AIRTO (Applied Industrial Research Trading Organisations) members[1] are covered by the definition it is not exclusive to them. It can include any value-adding traders in knowledge. Not every organisation with the acronym RTO in its title would meet the criteria.** **The thrust of this output is to stimulate industry to make better use of the publicly funded research and science base. Clearly, business-to-business research is also vital, but it is not intended to be embraced by this output.** Q. In collaborations with the knowledge base can we count collaborations with public sector RTOs not just private sector? A. **Yes** Q. Are only collaborations with the UK knowledge base allowed as the definitions says 'includes UK'? A. **No. The output is for new collaborations with the knowledge base and includes European and international collaborations; this complies with the European Union Treaty and competition law.** Q. If we have a project which supports an event e.g. conference where business and academia are present, there are a series of talks by academics i.e. free dissemination of research (knowledge transfer), and the conference lasts 2 days, can the businesses attending be counted as Collaborating with the Knowledge Base. A. **No. The intention behind it is businesses engaging with the knowledge base i.e. the demand side with the supply side, whereas a conference is an example of passive knowledge transfer that is led by the supply side led. The objective here is to measure the active transfer of good ideas, research results (.i.e. for an identified business purpose) and skills between the knowledge base and business <u>to enable innovative new products and services to be developed.</u> Conferences generally do not lead to outcomes/results i.e. innovative new products or services. It includes:**

O1.6 & 2.6 **No. businesses within the region engaged in new collaboration with the knowledge base/business to business networks**	
	• **research collaborations with free dissemination of that research** • **contract research on behalf of industry** • **licensing of technology to business user** **the sale of services, data and software formation of joint ventures and spin-out companies.**

O 2.4 No. of Social Enterprises Receiving Priority 2 Assistance	
Terms	Definitions
Unit of Measurement	No. of businesses that are social enterprises.
Social Enterprises	Use Cabinet Office Social Enterprise Unit definition of a social enterprise. "Social enterprises are 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."
Assistance	Minimum level of assistance of at least two days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000.
Counted	When there has been a minimum of 2 days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000.
Exclusions	A business can only be counted once within a project irrespective of the number of times or forms of assistance it receives.
Sample evidence	As O1.2, and: Declaration/evidence that the business is a social enterprise e.g copy of the relevant section of the Articles of Association setting out its purpose.
Notes	**Social enterprises are defined as "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners".** **This means organisations that trade goods and services and use the majority of their profits for social and environmental goals. You might be familiar with such examples as The Big Issue and Jamie Oliver's Fifteen restaurant , but there are at least 55,000 social enterprises like these across the UK.** **Social enterprises tackle some of our most entrenched social and environmental challenges in an innovative way. They can come in many shapes and sizes, from community-owned village shops to large development trusts, and in many legal forms, including community interest companies, industrial and provident societies and companies limited by guarantee, among others.** ***Cabinet Office Social Enterprise Unit definition***

O 2.5 No. of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	
Terms	Definitions

O 2.5 No. of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	
Unit of Measurement	No. of SMEs or organisations in clean technology/renewable energy sectors. Definition to be agreed with EEDA during contract negotiations.
Social Enterprises	The EC definition of an SME (as from 1 January 2005) is:- An annual work unit of fewer than 250 persons; annual turnover up to €50 million or annual balance sheet total up to €43 million.
Assistance	Minimum level of assistance of at least two days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000.
Counted	When there has been a minimum of 2 days consultancy advice or other non-financial assistance, or a grant, or equivalent, of at least £1,000.
Exclusions	A business can only be counted once within a project irrespective of the number of times or forms of assistance it receives.
Sample evidence	As O1.2 and: Declaration/evidence that the organisation/SME is in the clean technology/renewable energy sector

O 3.2 No./type of low carbon construction and refurbishment initiatives	
Terms	Definitions
Unit of Measurement	No. of constructions.
Definition	No. of constructions providing support for key strategic developments linked to the growth of the clean technology and renewable energy sectors plus limited provision of flagship business space (potentially incubators and move-on space – and possibly third "spaces"), particularly in support of low-carbon focused enterprises and with an eco-efficient design in accordance with local plans that meet BREEAM very good or better standards (note that BREEAM "excellent" will be the expected norm).. The Building Research Establishment Environmental Assessment Method (BREEAM) is a benchmarking tool for non-residential buildings. This is a tool that assesses the environmental impact of a development in a number of areas according to performance and then awards the development an overall rating. The tools can be used to assess existing buildings or the design, procurement and construction of new buildings. BREEAM is run by the Buildings Research Establishment (BRE), who train and license the independent assessors that assess the development under the scheme. For each building, the assessor will produce a report outlining the development's performance against each of the criteria in the methodology and give the development an overall score and rating. Upon satisfactory completion of the assessment, the client is presented with a certificate that confirms the development's rating. There are 2 BREEAM assessments for new builds; the "Design and Procurement" assessment which is pre-construction and the post-construction review. The ERDF programme will require projects to have both assessments.
Counted	When both BREEAM assessments have been verified
Sample evidence	BREEAM certification

O 3.2 No./type of low carbon construction and refurbishment initiatives	
	Construction contracts / contract specification. Physical existence

O 3.3 No. of square metres of new or upgraded specialist premises achieving BREEAM standard of very good or better	
Terms	Definitions
Unit of Measurement	Floor space Sqm.
Definition	Sqm floor space providing support for key strategic developments linked to the growth of the clean technology and renewable energy sectors plus limited provision of flagship business space (potentially incubators and move-on space – and possibly third “spaces”), particularly in support of low-carbon focused enterprises and with an eco-efficient design in accordance with local plans that meet BREEAM very good or better standards. See BREEAM description in 3.2 above.
Counted	When both BREEAM assessments and floorplans have been received and verified.
Sample evidence	BREEAM certification /report Floor plans

O 3.4 Number of energy efficiency demonstrator projects	
Terms	Definitions
Unit of Measurement	Number of projects.
Definition	Renewable energy demonstrator or exemplar projects making use of wind, solar, biomass, hydroelectric and geothermic solutions and others plus exemplar demonstrator energy efficiency solutions such as combined heat and power.
Counted	As above.
Sample evdience	Business plans Physical existence Reports / evaluations.

R1. Job creation – Number of jobs created	
Terms	**Definitions**
Unit of Measurement	No. of jobs.

R1. Job creation – Number of jobs created	
Terms	**Definitions**
Job created	It must be a new, permanent, paid, full time equivalent (FTE) and is not covered under the exclusions. *New* = should not have existed in the region or with that employer in the UK before the intervention *Permanent* = should have a life expectancy of at least 1 year from the point at which it is created. *FTE* = paid work of 30 hours or more per week. Convert part time jobs to FTE either: • on a pro rata basis based on hours worked; or • 2 part time jobs = 1 FTE, where no other information available (i.e. EC approach)
Counted as a job created	When a new, permanent, FTE or equivalent, paid post is filled. Jobs created are a Result when the jobs follow after the ERDF financing of project activity commences. The jobs can therefore either be related to the actual delivery of the project or can result from the intervention of the project.
Sample evidence	Payroll records Contracts of employment Signed statements / declarations from businesses stating that the jobs were created as a consequence of the assistance

R2. – Number of jobs safeguarded	
Terms	**Definitions**
Unit of Measurement	No. of jobs.
Job safeguarded	To qualify there must be a permanent, paid, full time equivalent (FTE) job that is at risk. *At Risk* is defined as being forecast to be lost within 1 year normally i.e. the jobs at risk must be specified, or if sector is in long-term decline a longer period might be appropriate.
Counted as job safeguarded	When it is: • forecast as at risk when the project was approved; and • is still in existence at the time of counting; and • is no longer at risk of being lost within a year. Jobs safeguarded are a Result when they are an indirect result of the project intervention e.g. the project may intervene at 1 level in the supply chain which results in jobs being retained further down the supply chain.
Sample evidence	As R1, and: **Signed Statements / declarations from businesses / organisations stating that the jobs were under threat before the assistance**

R 3 No. of successful innovation related initiatives in SMEs (R 4 Non-Innovation)	
Unit of Measurement	No. of innovation-related initiatives in SMEs
Definition	The number of innovation-related projects undertaken within SMEs as a result of the programme. It is envisaged that success criteria will be negotiated with applicants as part of the application process, e.g. success criteria for an innovation-related grant could be defined in terms of the successful launch of a new product/patent.
Sample evidence	As agreed in application process. Must include documentary evidence of the creation/launch of a new initiative

R 5 No./Type of successful environmental related initiatives in SMEs	
Unit of Measurement	No. of environmental initiatives in SMEs
Definition	To be agreed during contract negotiations. Measures of performance may include the following examples:
	Annual Waste Diverted from Landfill – Amount of waste diverted from landfill to reuse in-house, reuse by another, recycling, energy recovery or composting in tonnes.
	Annual Water Savings (Resource Reduction) – Reductions in the use of mains, borehole or grey water in m^3.
	Annual Material Savings (Resource Reduction) – Reductions in the use of solid, liquid or gaseous materials (classified as raw, packaging or ancillary materials) in tonnes.
	Annual CO_2 Savings (Resource Reduction) – Reductions in the use of electricity (kWh), natural gas (kWh), LPG (kg), fuel oil (litres), petrol (litres), diesel (litres) or LPG (transport) (litres) in tonnes.
	Annual Cost Savings resulting from improved environmental management and performance – Cost Savings achieved through improved environmental performance in pounds.
	No. of SMEs adopting an active Environmental Policy or Environmental Management System (EMS).
	No. of SMEs supported in gaining independent accreditation for environmental management (for example Green Mark, Accorn, BS 8555 or ISO 1400.
Sample evidence	Measurement against agreed baselines Must include documentary evidence showing methods of measuring performance.

R 6. Number/type of successful start up businesses	
Terms	**Definitions**
Unit of Measurement	No. of start up businesses.
Business	Start-ups of all sizes, whether or not VAT registered;
Business Created	When a new business starts trading in the region. *Starts trading* is the date when the business registers for VAT or registers for National Insurance (Class 2) contributions
Counted	When the business is sustained for at least 12 months following support from the project.
Beneficiary Characteristics	Other areas for reporting and analysis include: • Cluster/sector (use the Standard Industrial Classification (SIC))
Exclusions	• Double counting of businesses at different phases of their growth
Sample evidence	**Project / company enrolment form with NI or VAT numbers recorded.** **Letters from relevant authorities confirming registration.** **Sample checks on Companies House website, if available.** **VAT number checks, if available.** **http://ec.europa.eu/taxation_customs/vies/vieshome.do?selectedLanguage=EN** **Copy of businesses standard invoice which should state VAT number.** **Payment confirmation of contributions under NI class 2 to HMRC.** **Confirmation of checks / monitoring carried out by the project on the start up.**

R7/R8 – Total private and public sector investment levered	
Terms	**Definitions**
Unit of Measurement	£million.
Leverage	For ERDF leverage includes all match funding attracted to support projects and all private sector contributions.
Private sector	Cash contributions from non-public sector organisations. Exclude contributions in-kind from the private sector except donation of buildings/land, which can be clearly quantified.
Public Sector	Funds from other public sector bodies including the RDAs and Lottery funds. For ERDF any public sector investment (£) would be part of the programme match funds.
Counted	The levered investment is counted when it is defrayed or spent by the project.
Exclusions	Other European programme investments e.g. ESF, RDPE.
Notes	Reporting on this output will be calculated by: A (£m) = ERDF investment (£m) in the project Public Sector Leverage (£m) B = Sum of the match funding (the public sector) investment (£m) (excluding ERDF but including RDA Single Programme) in the project. Private Sector Leverage (£m) C = Sum of all the private sector investment (£m) in the project, including monetarised in-kind contributions. Total value of levered investment (£m) D = B + C
Sample	Evidence of receipt of funding into company accounts

R7/R8 – Total private and public sector investment levered	
evidence	Contracts / funding agreements In kind – valuations, timesheets, hourly rate salary calculation
FAQ	Q. Can we count revenue expenditure as well as capital? A. **Yes revenue expenditure may be included. This can include such expenditure as professional fees, feasibility studies and other related costs.** Q. Where HEFCE or LSC provide the funds for a project but channel them through an HE or FE institution to administer them can we count these funds as public sector? A. **Yes provided that the funds are not for their statutory functions e.g. undergraduate/post graduate teaching. In this case the funder would be HEFCE or the LSC not the institution. In this scenario the HE and FE institutions are only administering the funds on behalf of the public body providing the funding and are in effect an intermediary not funding body. It is essential to correctly and accurately identify who is the funding body. To maintain the project audit trail such funds should be held in a separate project account by the intermediary and its role and responsibilities clearly identified. However, where the FE or HE institution contributes to the project costs from its own reserves then that funding is private sector and if it is also a beneficiary its contribution may be counted under the private sector induced funding.** Q. Can we include money invested by a private sector company if they had to borrow the money to invest in the project for example by the way of a bank loan? A. **Yes. The financial investment made by the private sector company can be counted as it is the investment and not the source of the funds which is material.** Q. I am slightly confused why FE and HE Institutions are classed as Private Sector, when their core funding essentially comes from the Public Sector (LSC and HEFCE respectively), so would appreciate some guidance. A. **The Office of National Statistics (ONS) is responsible for the classification as organisations as public or private sector. ONS classifies both FE and HE Institutions as private sector as they are bodies corporate. FE colleges were designated as corporate bodies under the <u>Further and Higher Education Act 1992 (c. 13) and the Education (Further Education Corporations) Order 1992,</u> it came into force 28 Sept 1992. The statutory FE college sector comprises of a number of different 'types' of institutions, and within these broad organisational forms, there are wide differences in size and focus covering - GFECs and tertiary colleges; Sixth form colleges; Specialist colleges; Specialist designated institutions.** **Both FE and HE provide statutory services and it is these services which are funded from public funds. HEFCE provides the funding for the statutory services to HEIs, which cover a range of institutions – Universities, specialist institutions and general colleges; it also directly funds 135 further education colleges. Most FE colleges get the majority of their income from public sources: on average 78% comes from the LSC, with 9% from fees from employers or individuals.** **Where FE or HE institutions operate commercially e.g. providing bespoke training for employers, undertaking research for businesses they are operating as an undertaking. It is therefore essential to establish exactly what the funding is for and consider whether they are providing:** • **statutory educational services (if so they should** not **be seeking funding from RDAs but from LSC or HEFCE) therefore are not operating as**

R7/R8 – Total private and public sector investment levered	
	undertakings; or • commercial services when they are and consider the State aid implications during development Q. We are working with a FE College to provide a facility for construction training. The matched funders are the College (presumably we can class this as private sector leverage) and the LSC, presumably Public Sector? A. **Yes the LSC funding is public sector leverage as it is an NDPB of DIUS. The college position is more complicated depending on which type of institution it is (see above) but should generally be treated in the same way as HEI funding of a project and the same analysis should be taken on the proposed intervention (see answer above).**

R 9 – Occupancy Rate of new and upgraded specialist premises	
Unit of Measurement	Percentage occupancy rate.
Definition	This will be assessed and calculated three years after new premises that receive OP assistance open. Linked to O 1.5 & O 3.2.
Sample evidence	List of occupiers Rental / occupancy agreements

R 10 – Return (IRR) on risk capital investments	
Unit of Measurement	Percentage return on investment.
Definition	Target IRR for EU-supported venture capital and loan funds based on CSES research for DG Regio. Although the overall IRR will not be known until disinvestment takes place, which may not occur in some cases until after the programme closes, it should be possible to obtain a forecast from fund managers based on the “hurdle rate of return” they set as a target and periodic monitoring data on the performance of their portfolios. Source: external evaluation/OP monitoring data.

R 11 – No. of new or existing businesses locating to eco-efficient, high quality work spaces	
Unit of Measurement	No. of SMEs
Definition	This will be assessed and reported as part of the project evaluation process. It relates to the number of businesses taking-up residence in new or refurbished workspace part funded by ERDF that is either low or zero carbon and/or has a BREEAM rating of “Excellent” or “very good” in the case of refurbishments.
Sample Evidence	List of occupiers Rental / occupancy agreements BREEAM certification/report

R 12 - No. of businesses supplied with low or zero carbon energy	
Unit of Measurement	No of SMEs
Definition	This will be assessed and reported as part of the project evaluation process. It relates to the number of new or existing businesses that are or will be supplied with low or zero carbon energy from a new decentralised energy source part funded by ERDF.

R 13 - No. of businesses integrating new products processes or services	
Unit of Measurement	No. of SMEs
Definition	As part of this indicator the project will need to state what these new products, processes or services are, how many businesses have integrated each one and what the benefit to the business is or will be. Part of this will include identifying and quantifying the environmental benefits that will arise to the businesses as a consequence of the new products, processes or services. This will need to be reported as part of the project evaluation process.

Impact Indicators

These are measures that quantify the outcome of ERDF funded activity against the wider economic context. Impact indicators can typically be those that are measured through standard government statistics e.g. Annual Business Inquiry, ONS Labour Force Survey, Census, and increase in GVA. These will be evaluated at programme level.

Impacts (Note: measured at programme level by independent evaluation).

Indicator Reference	Description	Initial Programme Prospectus Target	Unit of Measurement
I 1	Increase in the GVA as a result of the Programme (Euro M)	28	Euro M
I 2	No. of net jobs created (FTE and by gender, sector)	418	Jobs FTE
I 2 (F)	No. of net jobs created (Female 55% of I2)	230	Jobs FTE
I 3	No. of net jobs safeguarded (FTE and by gender, sector)	89	Jobs FTE
I 3 (F)	No. of net jobs safeguarded (Female 55% of I3)	49	Jobs FTE
I 4	Net additional number of businesses (by sector, size and location)	288	No. of businesses
I 5	Net additional number of knowledge intensive firms	27	No. of businesses

Impacts (Note: measured at programme level by independent evaluation).

Indicator Reference	Description	Initial Programme Prospectus Target	Unit of Measurement
I 1	Increase in the GVA as a result of the Programme (Euro M)	19.35	£m
I 2	No. of net jobs created (FTE and by gender, sector)	298	Jobs FTE
I 2 (F)	No. of net jobs created (Female 55% of I2)	164	Jobs FTE
I 3	No. of net jobs safeguarded (FTE and by gender, sector)	64	Jobs FTE
I 3 (F)	No. of net jobs safeguarded (Female 55% of I3)	35	Jobs FTE
I 4	Net additional number of businesses (by sector, size and location)	206	No. of businesses
I 5	Net additional number of knowledge intensive firms	19	No. of businesses

Impacts (Note: measured at programme level by independent evaluation).

Indicator Ref	Description	Initial Programme Prospectus Target	Unit of Measurement
I 1	Increase in the GVA as a result of the Programme (Euro M)	30.87	£m
I 2	No. of net jobs created (FTE and by gender, sector)	478	Jobs FTE
I 2 (F)	No. of net jobs created (Female 55% of I2)	263	Jobs FTE
I 3	No. of net jobs safeguarded (FTE and by gender, sector)	102	Jobs FTE
I 3 (F)	No. of net jobs safeguarded (Female 55% of I3)	56	Jobs FTE
I 4	Net additional number of businesses (by sector, size and location)	329	No. of businesses
I 5	Net additional number of knowledge intensive firms	31	No. of businesses

Form ERDF-Form-2-010

Appraisal Form ERDF-Form-2-010

A. Identification	**MCIS Reference No.**	
Programme Specific Identification Information	*PDTs can use this box for any programme specific identification requirements*	
Project Name		
Applicant name		
Theme/Call		
Priority Axis		
Operational Programme		
Application version and date received.	Version #	Date

C. Project Summary

D. 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	%
Overall Project Value (eligible + ineligible costs)					

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

Outputs Profile	Value					
	2011	2012	2013	2014	2015	Total
Outputs						
Results						

* ***Add output rows as required***

Appraisal Recommendation	Approve ☐	Approve with conditions ☐	Reject ☐
Appraisal Summary	**Appraisal Summary**		
1. Strategic Fit	**Comments on Strategic Fit**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
2. Rationale, Options and Additionality	**Comments on Rationale, Options and Additionality**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
3. Project Schedule and Deliverables, including land & property	**Comments on Project Schedule and Deliverables**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
4. Costs, Funding and Value for Money	**Comments on Indicators, costs and value for money**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
5. Governance and Project Management	**Comments on Governance and Project Management**		
Rating	Good	Satisfactory	Unsatisfactory

	☐	☐	☐
6. Compliance	**Comments on Compliance**		
Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐
Appraisal Recommendations	**Appraisal Recommendations including specific conditions** **1. Comment** **2. Comment** **3. Comment**		

Risks and Issues		
	Risk/Issue	Conditions
Manage Pre Contract		
Manage Post Contract		
Residual Risks		

Risk Rating	High	Medium	Low
	☐	☐	☐

	Name & Signature	Remarks	Dates
Appraiser			
	……………..………… ………..		
	……………..………… ………..		
Team Leader			
	……………..………… ………..		

1 Strategic Fit

An assessment of strategic fit will have been made at Outline Application stage. As part of the appraisal of the Full Application, the appraiser needs to confirm that there have been no significant changes and deviations to the project objectives and the proposed activities including deliverables as proposed in the Outline Application.

If there have been changes, the appraiser will need to determine that they do not invalidate the strategic fit endorsed at Outline.

1.1 Project Objectives

Are the Specific **project objectives clear?**
Is there a logical rationale that flows from the objectives to the main activities and deliverables expected from the project?
Is there a clear explanation of how the achievement of the objectives will be Measured**?**
Are the objectives Achievable**? (Assess in terms of experience & capacity in delivering similar projects and evidence provided that the approach is justified)**
Are the objectives Realistic**? (consider the project costs, expected duration and management arrangements)**
Is there a clear timeline and plan (Timed) **for monitoring progress towards the achievement of the objectives?**

There have been no changes to the project objectives that would invalidate the strategic fit endorsed at the Outline Application stage; they are clearly and fully defined as SMART objectives in the application.	**Good**
There have been no changes to the project objectives that would invalidate the strategic fit endorsed at outline, they are reasonably well defined as SMART objectives in the application.	**Satisfactory**
There have been changes to the project objectives that invalidate the endorsement at outline and/or the full application fails to clearly define what it hopes to achieve, and/or the objectives are not realistic within the timescale proposed.	**Unsatisactory**

Initial Comments	Date	

Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Project Objectives: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

1.2 Project Description

How well are the main activities defined?
To what extent is it easy to understand what is being proposed?
It is clear what the ERDF funding will be spent on?
Is it clear who will benefit from the activities and the results of the project?
Is there a realistic, detailed timetable when the activity occurs?
Is it clear who will carry out the project and who is responsible for the project delivery and compliance? Are relevant are key partners' roles clearly defined?
To what extent does the project management plan clearly describe how the activity will be delivered? For revenue (business support) projects, is there a clear description of the client journey.

There have been no significant changes to the type of activity proposed in the outline application that would invalidate the fit of the project endorsed at the Outline stage. The activities, location and the proposed end beneficiaries are eligible and clearly defined; there is no evident duplication with existing or planned projects	**Good**
There have been no changes to the project objectives that would invalidate the strategic fit endorsed at outline, the main activities are eligible and generally well defined.	**Satisfactory**
There have been changes to the project objectives that invalidate the endorsement at outline and/or the full application fails to clearly define what it hopes to achieve, all or some activities are ineligible and/or the objectives are not realistic within the timescale proposed.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Project Description : Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

1.3 Support for the ERDF Operational Programme and relevant local, regional and national plans

The project should complement other activities already taking place in the programme area and the activity should not adversely affect or duplicate other existing activity. It is important to ensure that any links to other regeneration funding programmes, such as the Regional Growth Fund (RGF) are clearly explained and the ERDF elements are clearly defined and can be delivered compliantly. Responses in this section may highlight any potential cost or activity overlap which might lead to double funding. The application will need to clearly set out in section 4, how this will be avoided and evidenced during project delivery.

Any linkages with other initiatives and plans are clearly described and evidenced; they complement or do not adversely impact the ERDF objectives and requirements.	**Good**
Any linkages with other initiatives and plans are reasonably well described, do not adversely impact on the ERDF objectives and requirements.	**Satisfactory**
There are concerns about linkages with other initiatives and plans that are likely to result in duplication of activities or result in ERDF compliance issues for the project	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Support for the ERDF Operational Programme and relevant local, regional and national plans: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

1.4 Support for Environmental and Sustainability theme

Have all relevant Environmental and Sustainability theme requirements been considered and are they reflected in the design and delivery of the project?

Is it easy to understand the environmental impacts associated with the project?
Is there a clear explanation as to how any negative environmental impacts will be avoided or minimised and is this realistic?
If the project intends to deliver any environmental indicators, are these in line with the OP requirements and are the activities clearly defined, viable and measurable?

The environmental and sustainability linkages are clearly defined. The project's activities will be appropriately designed to deliver a positive environmental impact or will minimise any negative impacts.	**Good**
The environmental and sustainability linkages are reasonably well defined. A small number of changes could be made to the project to improve the project's contribution to this theme.	**Satisfactory**
There are concerns about the negative impact of the	**Unsatisfactory**

project on the environment, that cannot be easily remedied by a few small changes.	

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Support for Environmental and Sustainability theme: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

1.5 Support for Equality and Diversity Theme

Have all relevant equality theme requirements been considered and are they reflected in the design and delivery of the project?
Is there a clear description of who will benefit from the project? Is this supported by any data/research?
Has an equality policy been supplied and has the likely impact of the project on particular groups been identified?
Have appropriate steps been taken to address the likely adverse impact or encourage positive promotion?

Equality issues are clearly defined. The project's activities will be appropriately designed to positively promote equality of opportunity or minimise the adverse impact.	**Good**
Equality issues are reasonably well defined. Some changes could be made to the project's activities to improve the promotion of equality of opportunity or minimise the adverse impact.	**Satisfactory**
There are concerns that equality issues are not addressed in the project and that there will be a negative impact, that cannot be easily remedied by a	**Unsatisfactory**

few small changes.	

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Support for Equality and Diversity Theme: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

2 Rationale, Options and Additionality

2.2 The need for the project and evidence of market failure

To what extent is there a clear explanation why this project is needed?
Is there an explanation of the market failure and how the project will address it?
Has any evidence/research been provided of the economic, social and/or environmental conditions and market failure the project aims to address? (There should be as a minimum reference to the socio-economic data held in the OP) Does this adequately support the justification for the need for the project?
Is there a clear explanation as to why public funds are required and why the activity cannot be funded any other way. (note this links with section 2.5)

The need and market failure is clearly defined, supported by independent and up to date evidence	**Good**
The need and market failure is generally well defined and supported by some evidence	**Satisfactory**
The need for the project or market failure is not	**Unsatisfactory**

sufficiently defined. There is a lack of evidence to support claims made by the applicant	

Initial Comments	Date		
Follow Up Comments	Date		
Appraisers conclusions and recommendations	Date		
The need for the project and evidence of market failure: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

2.3 The demand for the project

To what extent is there a clear description of the demand for this project?
Is it clear that the applicant has engaged with the target beneficiaries and/or is there relevant evidence that there will be a demand for the project which will enable the outputs and results to be achieved?

The demand is clearly defined, supported by independent and up to date evidence	**Good**
The demand is generally well defined and supported by some evidence	**Satisfactory**
The demand is not sufficiently defined. There is a lack of evidence to support claims made by the applicant	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

The demand for the project: Rating	Good	Satisfactory	Unsatisfactory
	☐	☐	☐

2.4 Options Analysis

Have alternative options for delivery of the project activity been considered?
Is it clear how the short list of options was arrived at?
To what extent is it clear why the selected option was chosen and is it the most appropriate option?
Where options have been ruled out, is this clearly justified?
Has there been pro-active consultation with stakeholders (for example, delivery partners and potential end beneficiaries) in developing the project, and to what extent did this affect its design?

The options analysis is appropriate and realistic for the scale of the project and the preferred option is clearly evidenced	**Good**
The options analysis is generally appropriate for the scale of the project and there is a clear explanation as to why the preferred option was selected	**Satisfactory**
The options analysis did not sufficiently describe the options and/or justify the preferred option	**Unsatisfactory**

Initial Comments	Date			
Follow Up Comments	Date			
Appraisers conclusions and recommendations	Date			
Solving the problem: Rating		Good ☐	Satisfactory ☐	Unsatisfactory ☐

2.5 Preferred Option

To what extent is it clear why the selected option was chosen and is it the most appropriate option?
Is it clear how the project will address the needs, market failures and demands described?
Is the activity appropriate?
Is there a clear logic flow from the activity to the anticipated outputs, results and impacts?

There is a clear & logical explanation of how the project will address the problems and the indicators are appropriate and realistic	**Good**
The proposed solution is reasonably clear and the indicators seem generally to be appropriate and realistic.	**Satisfactory**
There are concerns about some elements of the approach and/or anticipated indicators.	**Unsatisfactory**

Initial Comments		Date	
Follow Up Comments		Date	
Appraisers conclusions and recommendations		Date	

Options Analysis: Rating	Good	Satisfactory	Unsatisfactory
	☐	☐	☐

2.6 Additionality – the need for ERDF support

To what extent has the applicant clearly defined the need for ERDF funding?
Is there a clear explanation why other public funds cannot be accessed to fund the activity?
If the project went ahead on a reduced scale without ERDF, is it clear that additional activity/outputs/results and/or benefits will be delivered with the ERDF support?
Can these be easily identified, measured and evidenced?

There is a clear explanation of how the project meets the additionality criteria; how the ERDF funds are required, and how they can be evidenced as 'additional' through the delivery of outputs, results and activity.	**Good**
There is a reasonable explanation of how the project meets the additionality criteria, and some of the indicators and activity will evidence this.	**Satisfactory**
There is no or minimal explanation of additionality or the argument is weak.	**Unsatisfactory**

Initial Comments		Date		
Follow Up Comments		Date		
Appraisers conclusions and recommendations		Date		
Additionality: Rating		Good ☐	Satisfactory ☐	Unsatisfactory ☐

3 Project Schedule and Deliverables

3.1 Project Schedule

Is it clear how the project will operate over its lifetime?
Is there a clear description of all the key activities to be undertaken and any dependencies and the related key milestones by which progress of the project can be measured?

The Project Gantt Chart and schedule of key milestones should be checked against the project description, expenditure and output profiles to check for consistency and completeness.

There is a clear explanation of how the project will operate and when deliverables will realistically be achieved supported by a project gantt chart or other table	**Good**
There is a reasonably clear explanation of how the project will operate and when deliverables will be achieved supported by a project gantt chart or other table	**Satisfactory**
The project schedule is, in full or part, unrealistic and/or some or most of the deliverables are unlikely to be achieved by the prescribed timescale and/or may be achieved after the project has ended	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Project Schedule: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

3.2 Project Deliverables

Have any changes been made to the forecast outputs and results since the Outline Application was selected? If yes, this may invalidate the basis on which the project was selected either on value for money if the number of outputs have been reduced without a corresponding reduction in costs or realistic deliverability if the outputs have significantly increased, on the other hand there may be a corresponding reduction in costs or the targets are more realistic and based on more evidenced research. Whatever the case, the appraiser will need to determine if it needs to be re-assessed according to local selection criteria.
Are the deliverables appropriate for the project activity both in terms of type and size of project.
Is there a clear logic chain linking outputs, results and eventual impacts?
Is there a clear explanation of how the indicator targets have been calculated?
Has the 'baseline' situation been sufficiently described so that the changes forecast as a result of the project can be measured?
Will the project deliver any assets or liabilities?

The appraisal will need to consider the options analysis provided in section 2 when considering how well the project management plan sets out its case on deliverables.

The deliverables are realistic , well defined, achievable and measurable.	**Good**

The deliverables are generally realistic , defined and measurable.	**Satisfactory**
There is a significant concern over the majority of the deliverables which casts doubt on the vfm assessment.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Project Deliverables: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

3.3 Land and Property

The external QS and valuation report will form part of the overall appraisal. The PDT appraiser should consider the final report and consider how well the application has satisfied the land and property project requirements. It may also be necessary to refer to the external report in other sections of this appraisal document.

There are no concerns about the proposed project	**Good**
There are generally no concerns about the proposed project.	**Satisfactory**
There are concerns with the project.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	**Date**	
Appraisers conclusions and recommendations	**Date**	

Land and Property Rating	Good	Satisfactory	Unsatisfactory
	☐	☐	☐

4 Costs, Funding and Value for Money

Have any changes been made to the costs and funding since the Outline Application was selected? If yes, this may invalidate the contribution rate and/or the value for money assessment on which the project was selected.

4.1 Costs

Are the costs clearly presented and justified, with a description of each cost heading provided?
Are the costs eligible?
Are apportionment methodologies used? Has sufficient detail been provided to establish if the costs are eligible and appropriate?
Do the costs appear reasonable? Are they clearly related to project delivery?
Are there benchmarks?
For private sector applicants, is the cost gap sufficient to prevent the project from going ahead?
Do all the costs add up and are they consistent with the funding profile?

All costs are eligible, reasonable and well defined in terms of linking with the objectives and deliverables. Where the project is dependent on ineligible activity in order to be delivered in line with the project description and schedule, the costs have been apportioned correctly.	**Good**

All costs are eligible, reasonable and well defined in terms of linking with the objectives and deliverables. Where the project is dependent on ineligible activity in order to be delivered in line with the project description and schedule, the costs have been apportioned correctly.	**Satisfactory**
There are significant concerns over some of the eligibility of costs and/or it is not clear how some of the costs link with the objectives.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Costs: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

4.2 Funding

Is confirmed eligible match funding in place? Are there any conditions attached to the use of the match which might affect the delivery of the project schedule?
Is the match funding clearly identified as being for either capital or revenue expenditure?
Have cashflow arrangements been included and are they sufficient to support delivery of the project schedule?
Does all the funding add up and is it consistent with the costs profile?
Will the project generate income? Have A55 calculations been provided and are they accurate?

Match funding is eligible and there is evidence that it is in place. **All relevant A55 relevant calculations are correct**	**Good**

where applicable	
Match funding is eligible and there is evidence that it is available to the project or there is a clear plan to deliver the match funding. **There are some concerns over security of the funding and/or evidencing requirements.** **All relevant A55 calculations are correct where applicable**	**Satisfactory**
There are significant concerns including the eligibility and/or security of the match funding, and the evidencing arrangements. **And/or the relevant A55 calculations are incorrect.**	**Unsatisfactory**

Initial Comments		Date	
Follow Up Comments		Date	
Appraisers conclusions and recommendations		Date	
Funding: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

4.3 Revenue Generating Projects (where applicable)

Will the project generate income? Have A55 calculations been provided and are they accurate?

Forecast income appears realistic or there is a full justification as to why the income cannot be accurately forecast (A55.3) All relevant A55 relevant calculations are correct and appear realistic	**Satisfactory**
The A55 assumptions and calculations are incorrect.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Revenue Generating Projects: Rating		Satisfactory ☐	Unsatisfactory ☐

4.4 Sensitivity Testing (where applicable)

All land and property projects should have provided a sensitivity analysis and all applications over a total ERDF value of £10million.

Is there sufficient detail provided to demonstrate appropriate sensitivity testing for the size of project?
Has optimism bias been considered?
Does the sensitivity analysis support the selected approach (consider alongside the Options Analysis in section 2)
Have all the risks identified with the sensitivity testing been captured in section 4.4?

Appropriate sensitivity analysis has been undertaken and supports the overall rationale for the option selected and risks identified.	**Good**
The sensitivity analysis is generally appropriate though some costs assumptions and/or risks may be overstated.	**Satisfactory**
No sensitivity analysis has been undertaken or are concerns about the analysis, which undermines the rationale for the project.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Sensitivity Testing: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

4.5 Value for Money

Is there sufficient information to determine if the project provides value for money – referring to options where appropriate, deliverables, costs and funding.
Where appropriate benchmarks exist – does the project represent value for money?

The project offers value for money; there are no concerns about the value for money for any aspect of the project.	**Good**
While the project offers value for money on the whole, there are some minor concerns about the value for money for the project.	**Satisfactory**
There are major concerns about value for money	**Unsatisfactory**

Initial Comments	Date	

Follow Up Comments	Date	

Appraisers conclusions and recommendations	Date	

Value for Money: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

5 Governance and Project Management

5.1 Project Management and Delivery Structures

Is there a clear description of how the project will be managed and by whom?
Is there sufficient expertise within the project management team to deliver the project compliantly as described? Or are the plans to appoint relevant experts appropriate timely?
If the project is to be delivered by a consortium of delivery partners, are the roles and responsibilities of each partner clearly defined?
Have been any changes in the named delivery partners since the outline application? – If yes, have they provided details required for each delivery partner as assessed at outline? (The checks made at Outline Assessment stage must be undertaken of each new partner)
Is there sufficient detail on the accountability and reporting lines for the project? Is there information on the nature of the agreement to be issued by the lead partner (grant recipient) to each delivery partner?

There is a full, clear description of how the project will be governed and managed and there are no notable concerns about the applicant and, where applicable, delivery partners' capacity to manage the project compliantly.	**Good**
There is a clear description of how the project will be governed and managed. There are some minor concerns about the applicant's and, where applicable, delivery partners' capacity to manage the project compliantly.	**Satisfactory**
It is not clear from the description how the project will be effectively managed and/or there are concerns about the capacity of the applicant and/or project	**Unsatisfactory**

delivery partners.	

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Project Management and delivery structures: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

5.2 Monitoring, Reporting and Control

Does the project have adequate systems in place to manage the monitoring, reporting and control requirements, including that of any delivery partners?
Is there a clear explanation of the financial management and claims process?
Is there a clear description of the document/record management process and is this compliant?

There is a clear description of the project's management and control system, including the financial and claims and records management process. The applicant demonstrates its awareness of the importance of sound project management procedures.	**Good**
There is generally a clear description of the project's management and control system, including the financial and claims and records management process.	**Satisfactory**
There is insufficient information on the management and control processes.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Monitoring, Reporting and Control: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

5.3 Risk Management

Is the risk management process appropriate for the size and nature of the project? Is there a sufficient analysis of the risks associated with the delivery of the project and is there an adequate approach to risk mitigation?

The risks have been well defined and appropriate mitigation activities are planned. The risk management process is appropriate to the scale of the project.	**Good**
The risks have generally been well defined and appropriate mitigation activities are planned. The risk management process is generally appropriate to the scale of the project.	**Satisfactory**
There are concerns that not all the risks have been identified and/or appropriate mitigating strategies have been insufficiently described.	**Unsatisfactory**

Initial Comments		Date		
Follow Up Comments		Date		
Appraisers conclusions and recommendations		Date		
Risk Management Rating		Good ☐	Satisfactory ☐	Unsatisfactory ☐

5.4 Evaluation (where applicable)

Is the proposed method of evaluation appropriate and in accordance with the regional PDT guidance?
Are the areas/issues to be evaluated logical for the nature, size and scale of the project?
Are the evaluation timescales/dates appropriate?

The evaluation approach has been well defined and costed, is appropriate for the nature, size and scale of the project.	**Good**
There are some concerns about the evaluation approach, as it is not sufficiently well defined throughout, but the project schedule provides for further planning	**Satisfactory**
No evaluation plans are provided when they are needed or the approach is inappropriate for the nature, size and scale of the project.	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Evaluation: Rating	Good	Satisfactory	Unsatisfactory
	☐	☐	☐

5.5 Exit and Legacy/Sustainability

Is there a clear explanation as to what will happen to the project once the ERDF investment ends?
If applicable to the regional programme (please consult the Prospectus): if project results are expected after the funding has ended, is there a process in place to record and report on the results? (This will be essential if the project is expected to generate income and/or there are assets and liabilities associated with the project which must be reported on)
If an evaluation is intended, is this appropriate for the size and nature of the project?

There is a clear exit/legacy strategy for the project once ERDF funding ends . The approach is supported by evidence provided in section 2. The strategy may include no further reliance on public sector funds.	**Good**
The exit/legacy strategy for the project is described but parts are generic and further work is required. The approach is generally supported by evidence provided in section 2.	**Satisfactory**
There is no clear exit strategy and/or there is no evidence to support the need or demand in Section2	**Unsatisfactory**

Initial Comments		Date	
Follow Up Comments		Date	
Appraisers conclusions and recommendations		Date	

Exist and legacy/sustainability: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

6 Compliance

6.1 State Aid

Is there a clear explanation as to why the funding for the project does not constitute State Aid? OR
If the funding does represent State Aid, is there a clear explanation of the scheme or category of aid it falls into, that it is within the relevant aid ceiling, and that the applicant is aware of ensuring a full audit trail?

Evidence of a clear understanding of state aid requirements and full description how the project will ensure compliance	**Good**
There are no State Aid issues or the State Aid has been correctly identified. OR Generic description provided but unspecific to the project or its activities.	**Satisfactory**
State Aid issues have been identified OR No or minimal description provided	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

State Aid: Rating	Good	Satisfactory	Unsatisfactory
	☐	☐	☐

6.2 Procurement

If the applicant has identified any major items of expenditure that have already been procured, the PDT must check that the procedure was compliant using the A13 procurement checklist and guidance. (This should have been identified in the Outline Application).

If the application identifies procurement activity will be undertaken as part of the schedule of activities, have details of the procurement process to be followed been provided? OR
If the applicant has a formal tendering and procurement policy, is this compliant with DCLG's requirements?

Any previous procurement has been checked and is compliant and/or the applicant has clearly explained all procurement activity and has a procurement process that meets DCLG's requirements or has described a procurement process that meets DCLG's requirements.	**Good**
Any previous procurement has been checked and is compliant and/or the applicant has confirmed that new procurement forms part of the delivery schedule and the approach generally meets with DCLG's requirements .	**Satisfactory**

No or minimal description provided. **Existing procurement approach is non compliant and/or the proposed approach to new procurement will be non compliant.**	**Unsatisfactory**

Initial Comments	Date	
Follow Up Comments	Date	
Appraisers conclusions and recommendations	Date	

Procurement: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

6.3 Publicity

Is it clear how the project will be publicised to SME beneficiaries and the wider public?
Will the project be able to evidence all publicity activities?

There is a clear publicity plan that fulfills all EU publicity requirements. Innovative publicity tools will be used. Applicant demonstrates that a sound publicity strategy is important to effective project delivery.	**Good**
The publicity arrangements are reasonable and fulfils the EU publicity requirements. However, all or parts are generic and unspecific to the project and its activities.	**Satisfactory**
There is no or minimal clear explanation how EU publicity requirements will be met and/or the plan is not sufficiently compliant	**Unsatisfactory**

Initial Comments	Date		
Follow Up Comments	Date		
Appraisers conclusions and recommendations	Date		
Publicity: Rating	Good ☐	Satisfactory ☐	Unsatisfactory ☐

Appendix 4: Glossary of terms

Capital – Spend on property or other fixed assets. Also includes funds allocated to the programme access- to-finance instrument(s).

CCTs – Cross cutting themes. The two cross cutting themes of equality of opportunity and environmental sustainability must be incorporated into the programme delivery. They have been fully integrated into the design of the programme and will continue to be central to its development and delivery mechanisms. Consequently, all projects supported through the programme must be able to demonstrate how these cross cutting themes have been incorporated into their design and development, and their delivery mechanisms. See section 5 for details.

CDG – Competitiveness Delivery Group. This is the operational level partnership group, which will have responsibility for sifting expressions of interest and recommending approval of projects to DCLG.

CIK – Contributions in kind. These can be used as match funding in certain circumstances. See section 6.5.2 for more details.

Demarcation – Boundaries defining the scope of funding between different EU programmes. Activities eligible for funding under European Social Fund or the European Agricultural Fund cannot be also funded by the ERDF competitiveness programme.

LMC – Local Management Committee. This is the regional partnership forming the programme monitoring committee. The Local Management Committee will take strategic decisions on programme maters and oversee delivery of the programme.

ERDF – European Regional Development Fund. Funds for regional programmes.

EOI – Expression of Interest. Prospective project applicants will need to make an initial approach by submitting an outline application.

Match funding – ERDF is the funding of last resort and can only be accessed to fill the gap left by other funders of a project. Non-ERDF funding in a project is known as match funding.

Operational programme – This is the approved programme strategy. For the East of England it is contained in the approved operational programme document on the DCLG website:
http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/

GPIG – General Performance Improvement Group. A high level sub-group of the Local Management Committee set up to oversee the effectiveness of the regional partnership, and deal with any significant performance issues that arise during programme delivery.

Priority axes – Actions to deliver the programme strategy. Each axis will have a definition of scope, a financial allocation against which applications can be made, and a set of indicators (targets).

Programme Indicators Framework – A set of programme targets split into three categories: Outputs, Results and Impacts. Details are given in section 4.4 and in Appendix 2.

Revenue – Non-capital expenditure such as provision of business support services, spend on salaries and running costs.

SMEs – Small and Medium Sized Enterprises. The EU definition (1 January 2005) applies for the purposes of the programme:

- an annual work unit between 50 and 250 persons
- annual turnover between €10 million and €50 million
- annual balance sheet total between €10 million and €43 million.

Social enterprises – Social enterprises are businesses with primarily social objectives. Their surpluses are mainly reinvested for that purpose in the business or in the community. They are not run to maximise profit for shareholders and owners.

Sustainable development – This can be defined as *"a process that seeks to ensure a better quality of life for everyone, now and for generations to come".*

Sustainable development recognises that social, economic and environmental issues are interdependent. Activity in one of these areas should not be pursued in isolation, but should rather have consideration for each of the other areas.

This programme's integration of sustainable development will ensure a sustainable approach to economic development. This will contribute towards creating inclusive and healthy communities, which will be able to access local economic opportunities, high quality working facilities and an attractive, accessible and diverse natural environment.