



European Regional Development Fund Opportunity Events

Preparing to Access ERDF

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Presentation Structure

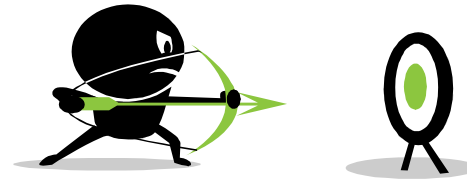


EUROPEAN UNION
Investing in Your Future
European Regional
Development Fund 2007-13

1. What to Consider Before Applying
2. Outline Application (OA) – Stage 1
3. Applicant and Delivery Partners
4. Project Funding
5. Strategic Fit
6. Rationale and Additionality
7. Deliverables
8. Project Management, Capacity and Risk
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10. Business Case Stage 2
11. Appraisal and Approval
12. Delivery – Monitoring and The Audit Culture
13. Evaluation
14. Questions/Discussion

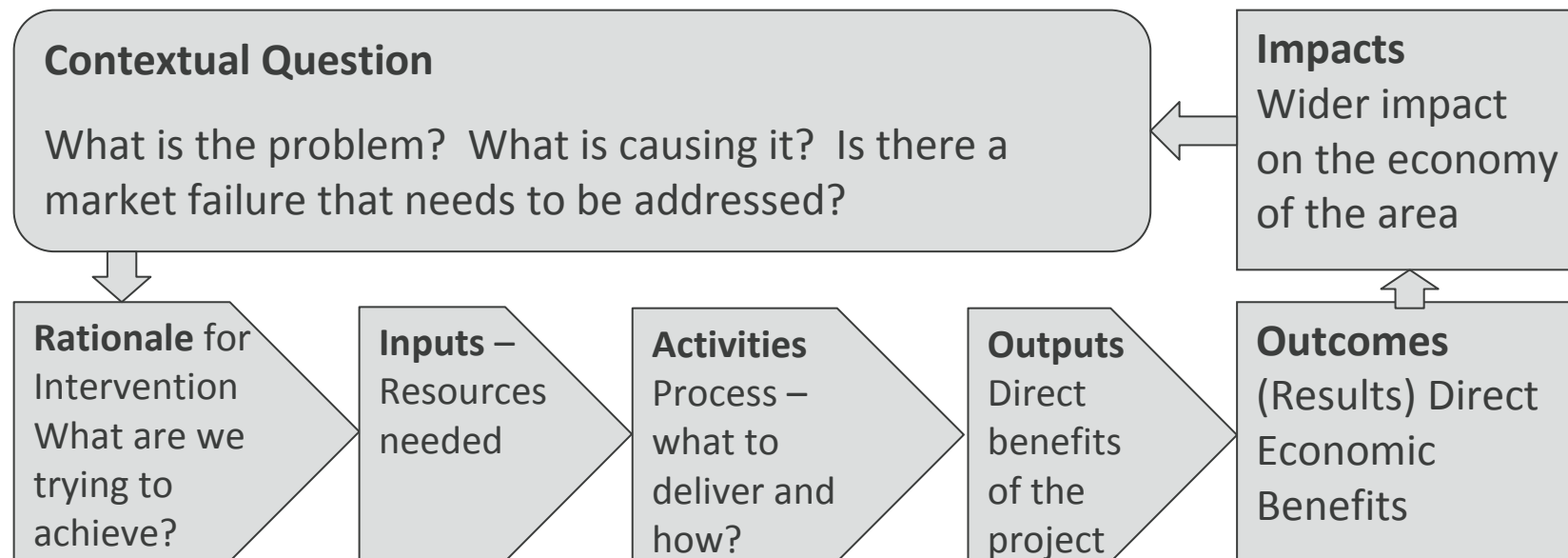


Before Applying!



- What is the problem? What needs to change and why must it be addressed? (aim of the project/market failure)
- Why would it be important to the ERDF Operational Programme?
- What needs to happen to solve it? (project objectives)
- Why are you (as project applicant) best placed to address this problem?
- Who can contribute? Who should be involved?(the right partners)
- What actions, investments and outputs will deliver that change?
- What is the change that will come about? (Results and impact)
- What are you actually going to spend the money on? (project description, costs and funding)
- What is new or innovative about the approach suggested ? Does it avoid duplication? How do you know?

Project Development Process – Logic Chain



ERDF Outline Application (OA) - Overview



Department for Communities and Local Government

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

Outline Application Form - ERDF-Form-2-001

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

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

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

Outline Application Form
Document Number (ERDF-Forms-2-001) and Version Number (2)
Date published (October 2012)

Page 1 of 10

DCLG Standardised forms for all England ERDF Programmes

- Outline application form (10 pages – expand to 30)
- Costs/Funding/Deliverables Table
- Plus ‘Outline Application’ form guidance

All can be downloaded from ‘gov.uk’ website (MS Word format):

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

Project Applicant and Delivery Partners

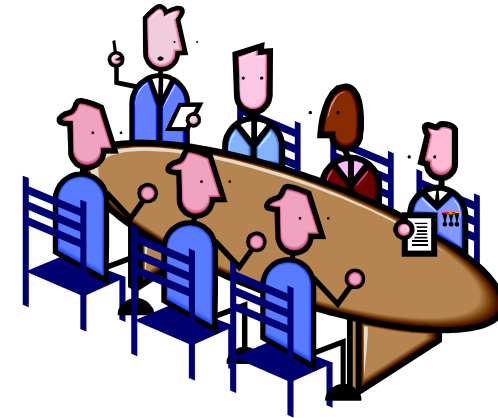
Applicants (ERDF beneficiary) can be:

- Public sector
- Private sector (not for profit)

Must be a legal entity

Partnerships

- Delivery partners encouraged and may strengthen a proposal
- Partners may add value and credibility
- Will need a lead partner and partnership agreements in place by Business Case stage
- Too many partners may cause administration problems



Project Details

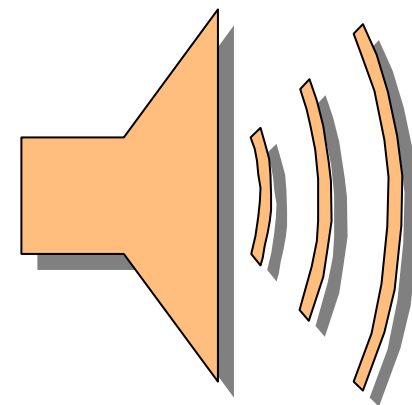
Project Sound bite

Opportunity for a succinct summary of the proposal

- Is exactly that! (30 words suggested)
- Think of overall SMART objective focussed on delivery of clearly attributable economic outcomes
- Very important to get this right to convince the project selection panel (Investment Steering Group)

Start Date/End Date

- No retrospection (but pre-offer costs possible)
- Finish by June 2015



Costs and Funding

- Confirmed funding package not required at Outline stage but must be in place when submitting a full business case at stage 2
- All match funding must directly contribute towards delivery of the project
- Costs and funding must be the same in any proposal
- General Rule - Principle of 'real costs' – no notional costs

Issues

- **Intervention rate** – ERDF part funds up to 62.72% for PA2
- **Match funding** – can be cash, time of salaried staff, donation of land/buildings but NOT volunteer time
- **Cash flow** – Payment on the basis of '**defrayal**' so beneficiary must have resource to cash flow

Costs and Funding – Match Funding

Sources

Public

UK Government (e.g. RGF)

Lottery

Local Authority

Public sector staff time

Private

VCS own funds

Salaried Staff time

NOT – other EU funding

Types of Match Funding

Cash

The best kind!

In-Kind (not notional value)

Donated land*/buildings
(not volunteer time)

Must be directly
contributing and relevant to
project costs.

Will need confirmation and
evidence of match funding

Strategic Fit – Aims and Objectives

Heart of the proposal!



Project Objectives and Description

Aims and objectives of the project expressed as SMART plus:

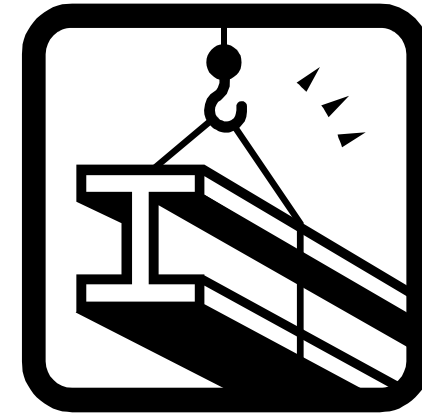
- **What** – the project will do/achieve
- **How** – the project will be delivered (customer journey)
- **Who** – Resource/partners etc – roles
- **When** – basic timeline

This is a key part of the 'Outline'. Reader must understand the project proposal from this description

Strategic Fit – Capital Projects

Extra requirements for capital projects:

- Assets to be purchased
- Timescale for planning permission
- Planning stage
- Arrangements for going out to tender
- Anticipated start date for construction
- BREEAM* 'excellent' for new build
- BREEAM 'very good' for refurbishments



Reflects concerns that capital projects subject to delay
Need to reassure DCLG that planning permission will not be an issue given late stage of ERDF Programme.

*BREEAM – Building Research Establishment Environmental Assessment Method

Strategic Fit – Linkage

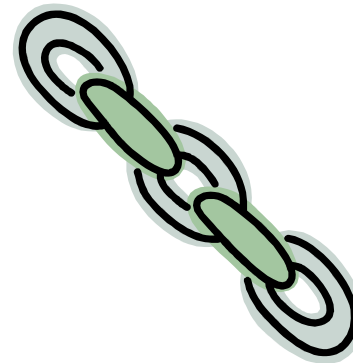
Strategic Fit to ERDF Programme

Narrative (or table) to describe how the project contributes towards ERDF Priority descriptor and specific activity strand/Prospectus

Strategic Fit with Other Plans/Policies

Good opportunity to describe how the project contributes towards:

- National policies or plans
- Local Investment Plan
- LEP Plans/Strategies



Cross Cutting Themes (CCTs)



Equality of Opportunity



Environmental Sustainability



Cross Cutting Themes



Note specific requirements in the Prospectus:

Equality

- Needs of all potential beneficiaries are considered design stage
- Community consultation undertaken
- Communication mechanisms available to all
- New/refurbished buildings subject to inclusive design principles

Environmental Sustainability

- Minimise environmental and resource impact
- Respect environmental capacities
- Maximise the potential for the environment as economic driver

Quote relevant applicant policies but make section specific to project

Rationale and Additionality

Rationale Section – 3 parts:

- Need
- Demand
- Market Failure

Can be the most challenging part of the case



Need

- Why the project is needed – what is the problem the project is seeking to resolve?
- Evidence – Draw from any relevant studies or policies together with local social/economic analysis

Rationale and Additionality

Demand (often the weakest part of applications)

- Who wants this project?
- Who will use this service or facility?
- Evidence from relevant local survey may be the strongest
- If not – draw on any relevant research

Market Failure

- Evidence of market failure?
- Why the need for public intervention?
- Use 'Green Book' definitions to categorise market failure e.g. public goods, externalities, imperfect (or asymmetric information), market power



Rationale and Additionality

Additionality (EU Treaty Principle)

Required by EC Regulation

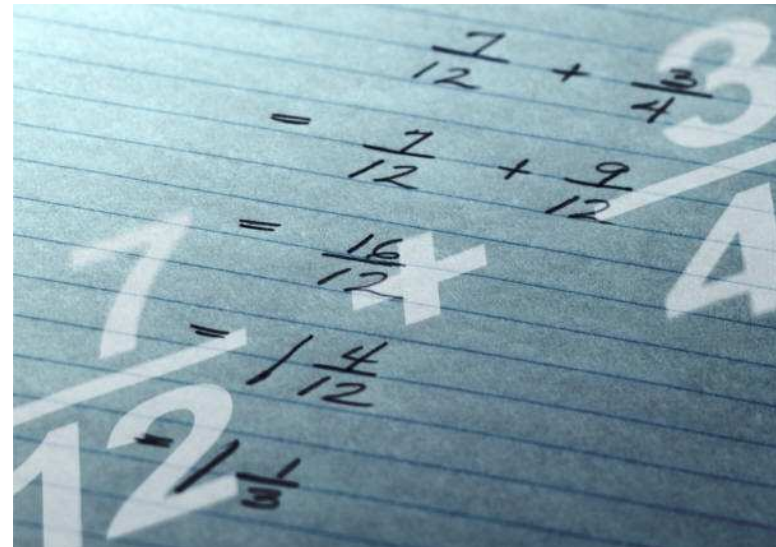


How does the project demonstrate additionality – suggestion:

- Scale
- Timing
- Specific Group or Location
- Quality

Also cover why ERDF?

‘Funder of last resort’



Deliverables (Targets)

Complete separate table – add narrative in OA

- **Outputs** – measure progress of activities delivered during the project (e.g. no. of SMEs given assistance)
- **Results** – consequences (benefits) the project is seeking to achieve (e.g. job creation)
- **Impacts** – Wider impact of the Programme on the local or regional economy (normally measured by evaluation)

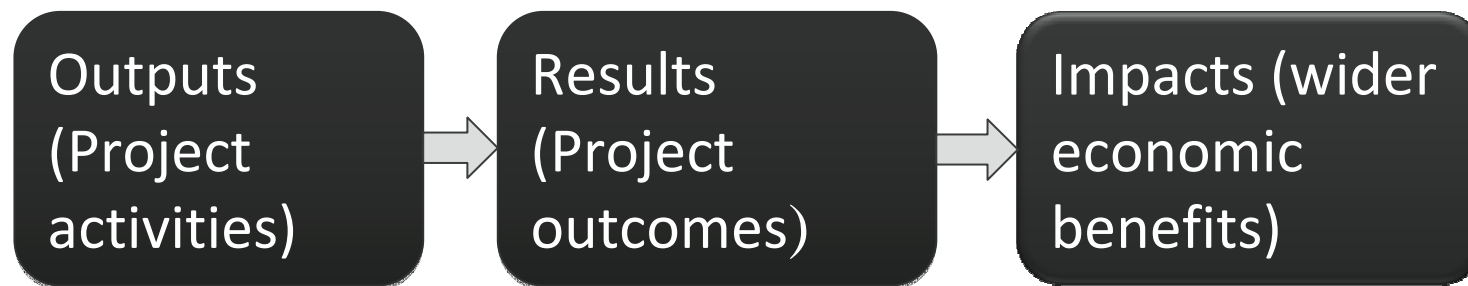
Directly attributable to project activity/intervention
Benchmark for value for money



Deliverables (Targets)

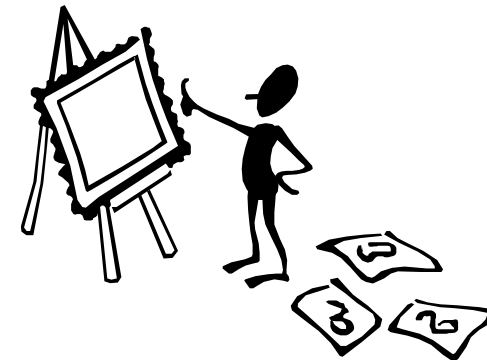
Estimating Deliverables – Factors

Logic Chain



- Capacity to deliver outputs (your inputs)
- Cohort numbers & expectation of take up
- Basis for estimating results

- Cost per output/result (benchmark)
- Audit trial
- Logic chain



Project Management, Capacity and Risk

Resources, Knowledge and Expertise

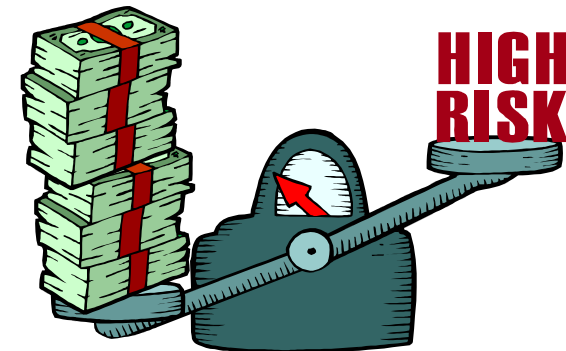
- Experience of successful delivery, systems in place etc
- If capital or procurement details of successful completion and compliance

Details of Previous ERDF Projects

- Including from previous Programme
- Good if a track record can be established

Copies of Accounts (or guarantor)

- Private & VCS need to supply 3 years of accounts and latest management accounts
- If not – may need guarantor



Compliance



Procurement

- Description of the proposed procurement process
- Note ERDF Procurement guidance (DCLG website)

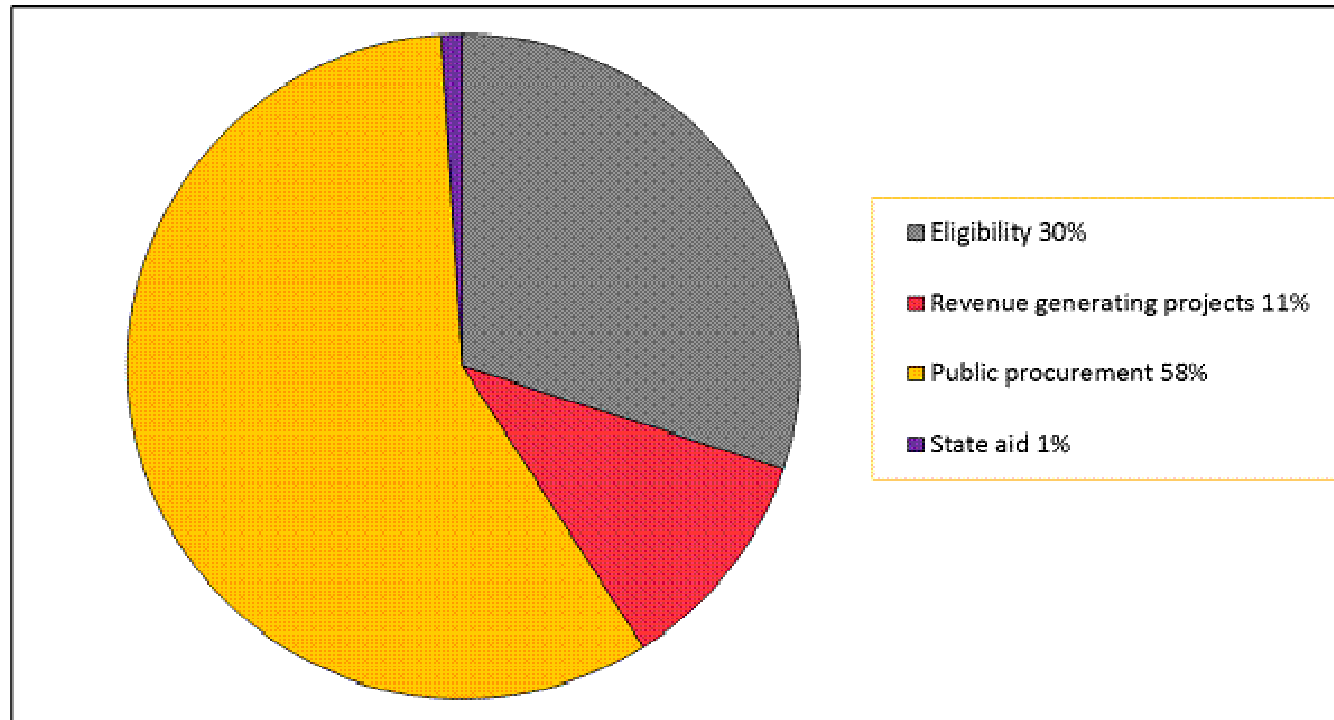
State Aid

- Initial assessment of how the project will be state aid compliant
- Legal advice not needed at this stage

Revenue Generating Projects (Article 55)

- Will the project generate revenue from the facility of service funded by the project?

Analysis of Errors in Cohesion Policy 2011 European Commission



Procurement continues to be generate most errors

Revenue Generating Projects (11%) up from 6%

Source – DG Regio Audits – European Commission

Business Case – Stage 2 ERDF Full Application



Full application form ERDF →
 Funding/costs/deliverables tables (Detailed)
 Full application checklist

Reference

- Full application guidance
- National Eligibility Rules
- ERDF Procurement Rules
- Article 55 (Rev Gen) Guidance
- ERDF National Publicity Guidance
- ERDF National Handbook
- ERDF State Aid Guidance
- ERDF Prospectus (for region)
- ERDF Investment Frameworks (region)

Full Application Form (ERDF-Form-2-007)

A. Identification	PDT USE ONLY	
Programme Specific Identification	MCIS Reference No.	
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Project Name		
Applicant name		
Theme/Call where applicable		
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Full Application Form
 Document Number: (ERDF-Form-2-007) and Version Number: (1)
 Date published: (1 April 2012) Page 1 of 21

LEADER OPERATIONS	2007			2008			2009			Total of 2007-2009
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Business Case – Stage 2

In Brief – A Few Extra Requirements to Note

General

Build on sections completed in the OA
Much more detail and justification required



Extras

- Changes since OA stage
- Full ‘Options Analysis’
- Project Schedule/milestones – GANNT chart
- Deliverables – methodology to justify the targets proposed
- Risk analysis/assessment

Business Case – Stage 2

Extras

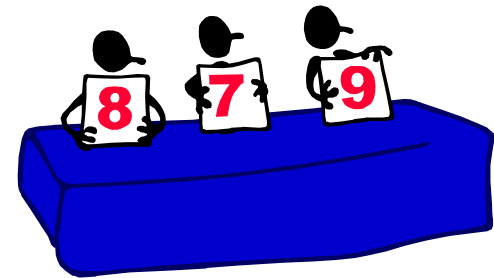
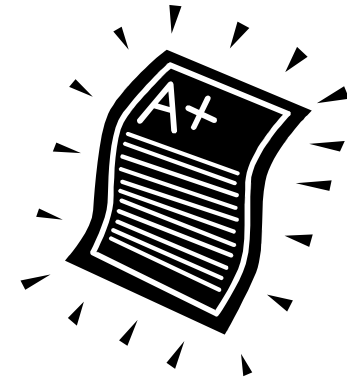
- Costs – complete and detailed breakdown/justification
- Costs/funding – full quarterly profiles
- Governance and Project Management
- Full details of compliance in respect of:
 - State Aid
 - Procurement (table)
 - Publicity
- Confirmation of planning permission or date of decision
- Match funding certificates
- Partnership Agreements



Expect to prepare a substantial case
Proportionality should be applied by DCLG

Project Appraisal

- Project business case assessed against Programme 'Project Selection Criteria'
- Appraisal carried out by an 'independent' Project Appraisal Officer
- Will provide an appraisal report plus score v criteria to the project selection panel (Investment Steering Group) for consideration
- Project approved/rejected
- Contract (mostly standard) drawn up by DCLG



Project Monitoring – Contract Management

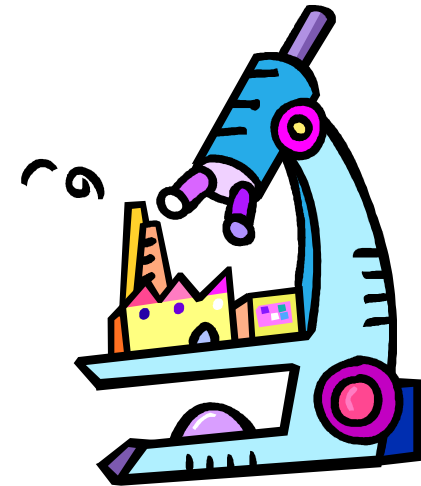
Monitoring of performance based on:

- Financial progress v agreed financial profile
- Achievement of outputs and results v agreed profile

Carried out through claims and reporting process

Variation

- Conditions set out in funding agreement
- Avoid variations of more than 10%
- May need re-profile
- Emphasis often on financial performance
- Targets – balanced performance – may exceed some but not achieve others



Structural Funds – The Compliance and Audit Culture



Most audit related activities are carried out at Member State level. Main responsibilities detailed in the “implementing regulation” include:

Article 13 – Verifications (Monitoring)

- Administrative (desk based) verifications
- On the spot verifications (including expenditure verification)

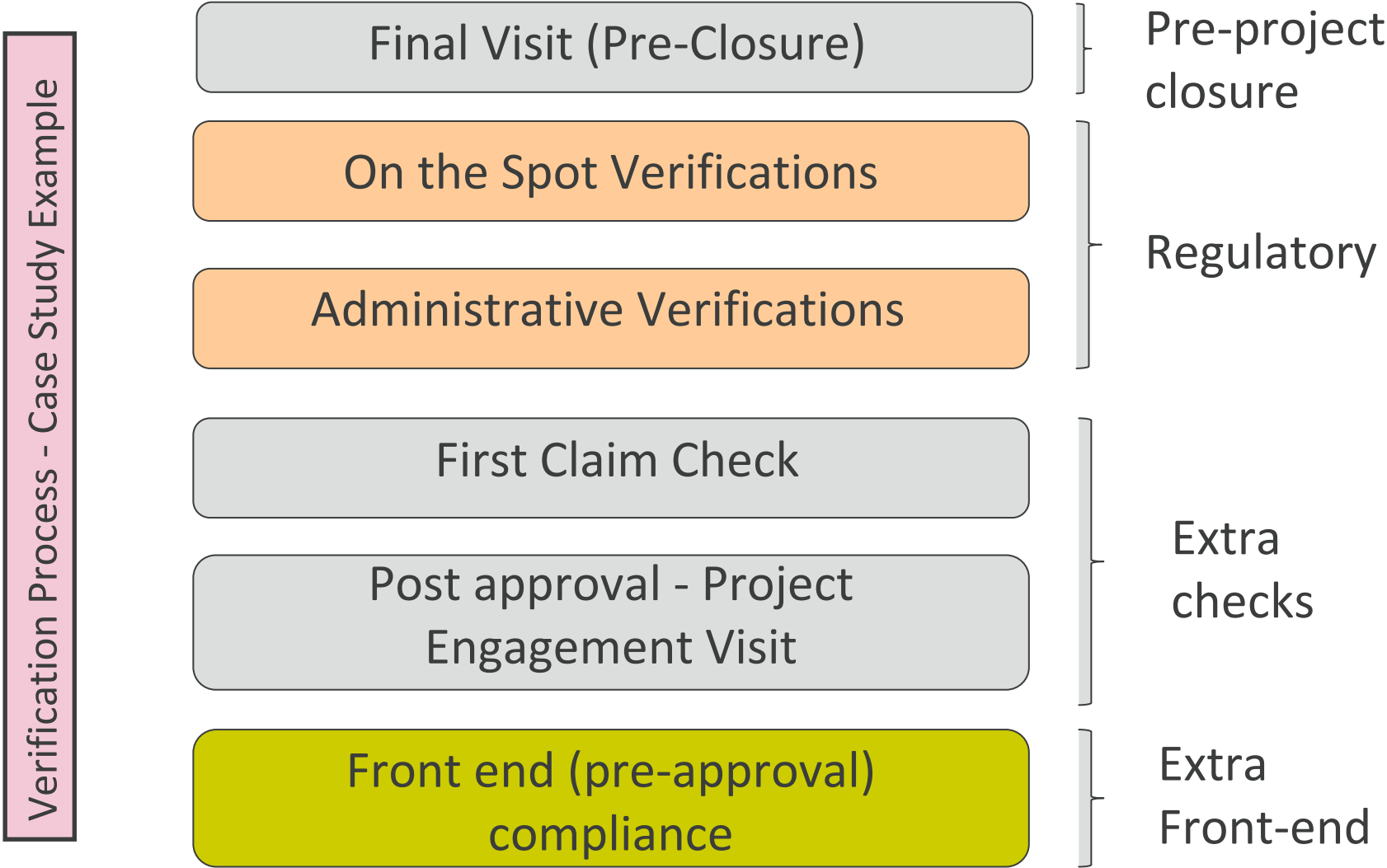
Article 16 – Audits of Operations

- Carried out by MS independent “Audit Authority”
- Check approval decision
- Expenditure verification
- Compliance with community and national rules (eligibility)
- Public contribution has been paid to the beneficiary in full

Commission Audits

- EC has the right under Council Regulation Article 72(2)
- But Article 73 (Council reg) – EC can rely on MS systems

Verifications of Projects – Current Practice (England) Summary



Project Evaluation

Need to cover at business case stage in an 'evaluation plan'. Apply proportionality – need not be external in a small project.

Minimum - All projects required to carry out an evaluation at the end of the project

- Impact and benefit
- Lessons learned & how this can inform future activity
- Economic value
- Key performance – did project achieve aims and targets
- Communications and risk management

Include case studies – business/organisations assisted and success stories



Presentation Summary

1. What to Consider Before Applying
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6. Evaluation
7. Questions



Questions/Discussion



EUROPEAN UNION
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Development Fund 2007-13





Contact Details

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