



European Union
European Regional
Development Fund

Leicester and Leicestershire Digital Growth Programme Grant Scheme Guidance Notes

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ANNEX A - PROCUREMENT

1. INTRODUCTION

This guidance is intended to provide information to potential applicants to the Leicester and Leicestershire Digital Growth Programme (DGP) Grant Scheme.

Grants are available between **£2,000 and £25,000, however, higher project values will also be considered** (excluding VAT). The Scheme provides **35%** grant support and you are required to evidence **65% match funding** from your own resources prior to the award of grant.

Managed by East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) and part-funded through the European Regional Development Fund (ERDF), the Scheme operates over three stages:

- 1) Registration to the Digital Growth Programme;
- 2) Expression of Interest;
- 3) Full Application.

This document provides further information on how to apply for funding. For more information please contact the **Chamber on 01246 212519** or email leics-digital@emc-dnl.co.uk.

2. ELIGIBILITY CRITERIA

The following sectors cannot be supported through ERDF due to the existence of State Aid and other regimes, or because aid would distort competition:

- Retail/B2C Service Sector
- Financial Services, banking and insurance
- Coal, steel and shipbuilding
- Fishery and Aquaculture
- Agricultural products
- Synthetic fibres sector
- Establishments providing generalised (school age) education
- Local social welfare facilities eg hospitals, nursing homes, day nurseries, child minding facilities, sports facilities, parks
- Coastal protection, soil conservation and infrastructures
- Building and renovation of housing

ERDF-funding is available to businesses that, as a result of support, will develop a 'new to the firm' product. This includes process innovation if the process contributes to the development of the product. A product is new if the business did not produce a product with the same functionality or the production technology is fundamentally different from the technology of already produced products. Products can be tangible or intangible (including services).

ERDF funding cannot be used to displace other public sector funding. Therefore, we expect applicants only to seek ERDF support if they have exhausted all other reasonable avenues of funding. We would also not expect to commit ERDF funds to projects which would happen anyway without ERDF support.

You **must**:

- Have been trading for at least 12 months at the time of application.
- Be located within, or locating to, the administrative areas of Leicester and Leicestershire
- Employ less than 250 full time equivalent (FTE) employees and have either a turnover \leq €50 million or a balance sheet \leq €43 million at the time of full application
- Provide match funding of at least 65% from your own resources
- Have a project valued at least £5,715 (£2,000 grant) and £71,430 (£25,000 grant). Higher project values will also be considered.
- Provide up to date financial accounts for the last two years (if trading for 12 months, please submit one year's accounts) and your most recent management accounts if you have been trading for less than three years.
- Demonstrate how the project will enable your business to introduce a new product or process innovation to market
- Demonstrate how the project will help you to grow

- Be looking to fund a new project. Any purchases initiated prior to a grant award will not be eligible
- Satisfy that the proposals are viable, offer value for money, are realistic and deliverable and have been compliantly procured in accordance with the Annex A – Procurement (page 6).

You **agree** to:

- Give consent to the Chamber to involve your business in publicity press releases, case studies and photographs (subject to commercial sensitivity)
- Take part in the independent evaluation to assess the overall success of the Programme
- Partake in periodically agreed monitoring after the final grant payment

General Eligibility Criteria:

- **Only one grant per business will be awarded**
- Grants are available for revenue projects.
- Details of any purchases more than £1,000 per item must be recorded on the Asset Register
- Retrospective applications will not be considered

Project Examples:

Grant funding can be used to access and implement a variety of technology products and services, such as, but not limited to, the following examples:

- Implementing new innovation technology products or services that improve business performance
- Upgrading your digital technology and/or communications systems to enable your staff to work more flexibly and productively, and enabling you to offer enhanced customer services
- Investing in new software that improves your business processes and increasing operational efficiency
- Integrating digital supply chains within business processes through the use of smart technology
- Building a new website that provides advanced features and functionality enabling your business to improve access and become more competitive in the marketplace
- Utilising professional advice to implement technology development plans or access new markets

State Aid Rules:

All public assistance provided to businesses must comply with European State Aid rules. The DGP Grant Scheme will operate under the De Minimis State Aid regulations and you will be required to provide details of the De Minimis funding already received in the relevant period. A maximum of €200,000 (at the relevant exchange rate – [CLICK HERE](#) to calculate) is available to any one applicant over a three-year rolling period.

If your project is successful, you will receive a De Minimis letter from the Chamber stating the value (£ and €) of public support provided through the grant scheme.

3. INELIGIBLE COSTS

The following costs are not eligible for any grants (this list is not exhaustive).

- Reimbursement of goods / services already purchased prior to the date of a grant offer letter
- Repayment of existing loans or debts
- Recurring revenue costs (including: salaries, pensions, stock, rent, utility charges, service charges subscriptions, insurance, tax, recruitment fees, website hosting, equipment hire etc.)
- Line rental and on-going maintenance costs associated with implementing a superfast broadband product
- Repairs and maintenance to existing technology
- Like-for-like replacement of existing items
- Accredited training
- Any items where the applicant already has, or intends to get, EU or national funding
- Reclaimable or irrecoverable VAT

4. APPLICATION PROCESS

4.1 STEP 1 - REGISTRATION

You need to register with the Digital Business Growth Programme and return your SME Enrolment Form **before** you can apply for a grant.

[CLICK HERE](#) to register. Once completed, print the form and ensure it is signed by an authorised member of staff. Return the form to leics-digital@emc-dnl.co.uk **within 14 days**.

4.2 STEP 2 – EXPRESSION OF INTEREST

Once registered and verified as eligible, you will receive an automated email with a hyperlink to an **online Expression of Interest** (EOI) where you can provide a brief description of your project.

The EOI will be assessed by the Chamber's Digital Business Adviser providing **free support** to examine your project proposal in more depth and gain a better understanding of your business and how digital technologies can enable your business to achieve its growth objectives. Depending on the complexity of the project proposal, a 1-2-1 site visit may also be conducted by the Digital Adviser, who will:

- Advise on how best to present the project idea at full application; and
- Recommend any additional technical support that may be needed.

4.3 STEP 3 – FULL APPLICATION

Following the assessment of your EOI you will receive a **Grant Application Form** for completion within agreed timescales. This must be returned with up to date financial accounts for the last two years and your most recent management accounts. Copies of any procurement evidence to support your investment must also be provided. (See Annex A – Procurement.). All quotations fully addressed to you must be included within your application.

5. SELECTION PROCESS

On receipt of the completed Full Application and supporting documentation, the Chamber will conduct due diligence and ERDF compliance checks as follows:

- Contribution and positive impact on the Programme's aims and objectives;
- How the project will grow the business including turnover, profitability and jobs;
- Evidence of market need / demand for the project
- Value for money; and
- Assessment of deliverability in proposed timescales / milestones, including contingency arrangements and the capacity of the organisation to manage and monitor the work.
- Will not bring or likely to bring East Midlands Chamber or the Funder's name (European Regional Development Fund) reputation into disrepute.

All completed applications will be presented to a Grant Panel which are held monthly. If successful, the Chamber will notify you in writing and you will receive a Grant Offer Letter and Funding Agreement which must be signed and returned within 14 days.

6. PAYMENT OF GRANT

Applicants will submit their grant claim in accordance with the terms and conditions set out within the Grant Funding Agreement and any subsequent approved change requests. Payment of the grant will only be made when the Chamber receives appropriate supporting evidence, which includes:

- Invoice addressed to Julie Fletcher, East Midlands Chamber, Commerce House, Millennium Way, Chesterfield, S41 8ND and completed claims checklist requesting grant payment off the Chamber evidencing all costs incurred (you **are not** permitted to make any purchases using personal credit cards or cash)

- The agreement between you and the procured service provider(s) detailing the type of support being provided, the timescale for delivery and the total cost, including VAT;
- The original invoice(s), OR a signed certified copy of the original invoice(s) with a statement saying that the original is available on request, from the service provider(s) to the applicant for the full cost of the goods / services delivered evidencing expenditure defrayal;
- A copy of the applicant's bank statement identifying the payment(s) made by the applicant to the service provider(s), bank statement to clearly show business name and account details; for any purchase made via a corporate credit card, we require full credit card statement and bank statement to show the credit card has been paid in full.
- Procurement evidence outlining that the goods / services were compliantly sourced and procured;
- Completed Asset Register Recording Form detailing all individual items over £1,000 (include websites)
- Completed C29 Form identifying the new to the firm product/process/service. Evidence requirements: Supporting documentation showing the New Product or Service, such as marketing information/photo of product/literature website. This must show the date of the New Product or Service (i.e. Launch date)
- Completed Jobs Created form. Evidence requirements: The new post(s) has/have resulted in an increase in employment within the enterprise and is/are neither (i) a result of a realignment of posts across the organisation; nor (ii) a post(s) which has been safeguarded. Details of the post will need to be provided, with supporting Job Description and advert showing where the post was advertised.
- Jobs Safeguarded. Evidence requirements: Details to be provided of the posts at risk and date followed by when they were safeguarded, minimum 6 months after initial LLEP DGP project support.
- Businesses awarded grants to purchase websites are required to display the ERDF logo at the top of the website's homepage. A screenshot of the website's homepage showing the ERDF logo and the reference of it being part funded by ERDF must be submitted.

If the actual costs are less than those agreed in the Grant Funding Agreement the grant award will be reduced accordingly. If the costs of the proposed project exceed the amount stated in the application, please tell us in order that we can adjust your Award accordingly. The Chamber is not obliged to increase the grant amount. Where alternate suppliers/items have been used and not approved prior to purchase, these will be regarded as ineligible costs.

Final payments will be subject to the applicant having satisfactorily completed the project and complied with all terms and conditions of the Grant Funding Agreement. The Agreement covers matters of dispute resolution.

It is important that timescales for claiming your grant are adhered to, as per your Grant Agreement, as this could potentially put your grant at risk.

The Chamber reserve the right to withhold, vary or reclaim funding if any information supplied through the application and approval process proves to be inaccurate, misleading or incomplete.

7. HELP AND SUPPORT

If you would like to discuss the **general eligibility** of your proposal, prior to submitting an Expression of Interest, please contact the Chamber on 01246 212519 or email leics-digital@emc-dnl.co.uk.

ANNEX A – ERDF PROCUREMENT

Grant funding is provided by the European Regional Development Fund (ERDF), which is subject to the Public Procurement Regulations 2015. You are advised to refer to the [ESIF-GN-1-001 \(Version 6\)](#) (the 'ESIF Guidance') to understand the extent of the Public Contract Regulations 2015 and, if necessary, obtain independent procurement advice (see page 47 ANNEXE 1 - USEFUL LINKS in the ESIF Guidance).

The procurement process, through direct award, quotations or tenders is commenced at your own risk and should not be reliant upon receipt of the grant. You must not enter into any financial or contractual arrangement with any supplier prior to a signed grant award. To be clear, any expenditure prior to the date that the Funding Agreement is signed, dated and returned cannot be claimed.

The first stage of the process is to first determine whether or not you are considered a 'contracting authority' under the Public Contract Regulations 2015 (para 2.1.2 page 28 of the ESIF guidance) Private sector organisations will usually be outside the scope of this definition.

The table below assumes that you are not a contracting authority and therefore, required to comply with the National Rules which are designed to achieve sound financial management of public funds and to open opportunities up to competition. To comply with National Rules, you must meet the minimum requirements:

Total Contract Value	Minimum Procedure
<u>Supplies and Services Contracts</u> Individual items worth up to £9,999	Direct Award – You are permitted to submit a single supplier quotation for each item you are procuring on supplier letterheads, dated within the last three months . You must demonstrate that your chosen supplier offers value for money.
<u>Supplies Contracts Only</u> Individual items between £10,000 and £181,302 or multiple items with an aggregated value from a single supplier	You are required to provide the following: <ul style="list-style-type: none"> • Specification given to a minimum of three suppliers (detailing what items you wish to procure); • Three written supplier quotations or prices on supplier letterheads, dated within the last three months and; • Detailed justification that a reasonable decision has been made for choosing your preferred supplier on the basis of the quotes / prices. For example, based upon expertise, track record and quality.
<u>Services Contracts Only</u> Individual items between £10,000 and £24,999	You are required to provide the following: <ul style="list-style-type: none"> • Specification given to a minimum of three suppliers (detailing what items you wish to procure) including an Evaluation matrix showing how the successful candidate will be chosen • Three written supplier quotations or prices on supplier letterheads, dated within the last three months and; • Detailed justification that a reasonable decision has been made for choosing your preferred supplier on the basis of the quotes / prices. For example, based upon expertise, track record and quality.

<p>Services Contracts Only</p> <p>Individual items between £25,000 and £181,302 or multiple items with an aggregated value purchased from a single supplier</p>	<p>You are required to advertise the opportunity on your website or there is a facility to advertise on Source Leicestershire which we can upload and manage for you: http://www.sourceleicestershire.co.uk/contracts/create for at least ten working days. All quotations/proposals must not pre-date the tender advert. The advert needs to incorporate or direct any interested party to the following information:</p> <ul style="list-style-type: none"> • Details of the opportunity • Service specification including: <ul style="list-style-type: none"> ○ What service / service levels are required from all interested parties ○ Where the service is to be delivered and to who ○ Escalation process for service failures ○ Quality monitoring process ○ How the successful candidate will be chosen, including a scoring matrix ○ Deadline and details of how to apply. <p>Justification will also be required to demonstrate that the contract award is in line with the advert. If you need support please contact the Chamber on 01246 212519.</p>
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