

# Outline Assessment Form

## ESIF-Form-3-001

### Part 1 Project Summary.

Information is drawn directly from the Outline Application.

1.0 Applicant Details	
1.1 Applicant Organisation	Oxford Innovation Services Limited
1.2 Project Name	Manufacturing Growth Programme 2
1.3 ERDF or ESF Operation Programme Priority Axis	ERDF
1.4 Name of ERDF or ESF Investment Priority	3c and 3d
1.5 LEP Area (s) covered	Humber Leeds City Region York, North Yorkshire and East Riding Black Country Coventry & Warwickshire Greater Birmingham & Solihull Stoke and Staffordshire The Marches Worcestershire Greater Lincolnshire Leicester & Leicestershire South East Midlands EM3 Hertfordshire South East Solent
1.6 Total Project Value (£)	£22,668,228 (See LEP Annex for the value attributable to the LEP)

1.7 Total ESIF sought (£)	£11,832,937 (See LEP Annex for the value attributable to the LEP)	
1.8 ESIF Investment per Category of Region % (See LEP Annex for the percentages relevant to the LEP)	Less Developed	
	More Developed	75%
	Transition	25%

2.0 Project Timetable	
2.1 Proposed Start Date	01/04/2019
2.2 Proposed Financial Completion Date	31/03/2022

3.0 Project Description
<p>This project - Manufacturing Growth Programme II (MGP II) - will provide support to manufacturing companies in the 16 LEP areas described in 2.2 from 01/04/19 until 31/03/22.</p> <p>The delivery model for MGP II is based upon that used for the current Manufacturing Growth Programme which will run 01/10/16 until 30/09/19. As of 31/03/18, MGP has offered 2,107 grants for improvement projects, supporting 1,640 SME manufacturers in fifteen LEP areas. 1,531 improvement projects have already been completed generating 1,364 jobs with a further 618 jobs forecast, £4.34m of private sector investment and 193 new to firm products have been secured. The outputs already achieved demonstrate the effective delivery model which produces quantifiable improvements in productivity and competitiveness.</p> <p>The overall aim of the project is to help SME manufacturers to make improvements resulting in increased productivity levels. The project will deliver 2,465 improvement projects to 1,949 eligible, unique SMEs, generating 2,465 new jobs, 50 new to market products/processes, 391 new to firm products/processes, and £10,835,291 of private investment.</p> <p>SMEs will receive bespoke strategic, technical support and grant funding to enable them to become more productive and efficient, develop new and improved products, access new markets and exploit new commercial opportunities. The project will provide SME manufacturers with a comprehensive package of support as follow:</p> <ul style="list-style-type: none"> <li>• In-depth diagnostic needs assessments, identifying key manufacturing issues, challenges and opportunities they face</li> <li>• Bespoke Manufacturing Growth/Improvement Plans, outlining strategic project work required to improve manufacturing performance and increase international competitiveness</li> <li>• Grant funding to subsidise the costs of procuring specialist, independent, sector specific Manufacturing Growth Experts (MGEs) to deliver Manufacturing</li> </ul>

#### Growth/Improvement projects

- Grant funding to invest in capital equipment
- A programme of manufacturing workshops on key topics to drive productivity and growth
- A dedicated Manufacturing Growth Manager (MGM) who will provide ongoing account management and signposting with first-hand introductions to local and national business support programmes/providers.

The project will be delivered by 16.6 FTE existing and experienced MGMs, supported by project staff. Third party manufacturing experts will be procured directly by the participating SMEs to deliver bespoke support as per their individual Manufacturing Growth/Improvement Plans and projects.

MGMs will continue regular monthly communication with all 16 LEPs, Growth Hub teams and key local stakeholders and providers to ensure activities remain aligned, the smooth referral and feedback process continues and that all are kept well informed on activity and results in their respective geographies.

#### 4.0 Delivery Partners

Not applicable

#### 5.0 Strategic Fit How would the project meet the Call Specification?

The existing MGP delivers support to manufacturing companies in 15 LEP areas. This project (MGP II) will provide similar support to manufacturing companies across rural and urban areas in 14 of the LEP areas covered by MGP so that SMEs in those LEPs areas can continue to receive manufacturing support. It will also deliver support to SMEs in two new LEP areas – Solent and EM3.

The project aligns with Investment Priorities 3c ‘supporting the creation and extension of advanced capacities for products, services and development’ and 3d ‘supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes,’ and will enhance the competitiveness of SMEs, providing them with a comprehensive package of support to help them to make improvements to their manufacturing processes.

All SMEs will undertake an initial diagnostic needs assessment with a dedicated Manufacturing Growth Manager (MGM) to identify specific areas where improvement projects would lead to an increase of productivity. SMEs will be able to access grant funding to undertake these improvement projects – the value of which will depend on the needs and capacity of each SME and strategic focus from each LEP area – i.e. project has the flexibility to fund more in-depth interventions should they be required. Supporting documents 1 – 4 demonstrate the effectiveness of the MGP delivery model in achieving real and quantifiable improvements in productivity and competitiveness. In addition, 214 SMEs will be able to access grant funding of up to £25k to invest in capital equipment.

Survey responses from 115 SMEs demonstrated that 89% of these companies would be willing to take up grants for capital investment. This project will deploy experienced local MGMs who currently support SMEs in the MGP to continue to operate, building and drawing upon their already established networks, relationships, links with local sector clusters in order to delivery effective support.

As set out in the call document, each LEP area has its own local strategic priorities – the MGMs will respond to and support these accordingly by maintaining ongoing communication with each LEP about how this project can contribute to the wider entrepreneur, innovation and productivity agendas. The project will continue to liaise with the Growth Hubs and other relevant local and national networks, providers, programmes and institutions to ensure that 1) there is no duplication of offerings and 2) that the referral process between all parties is effective so that businesses receive a tailored, pertinent package of support.

<b>6.0 Outputs and Results (please add/delete rows as required)</b>	
<b>6.1 Outputs</b>	<b>Forecast</b>
<b>ER/C/O/01 Number of enterprises receiving support</b>	<b>1949</b>
<b>ER/C/O/02 Number of enterprises receiving grants</b>	<b>1949</b>
<b>ER/C/O/04 Number of enterprises receiving non-financial support,</b>	<b>100</b>
<b>ER/C/O/05 Number of new enterprises supported,</b>	<b>50</b>
<b>ER/C/O/06 Private investment matching public support to enterprises (grants),</b>	<b>£10,835,292</b>
<b>ER/C/O/08 Employment increase in supported enterprises</b>	<b>2466</b>
<b>ER/C/O/28 Number of enterprises supported to introduce new to the market products</b>	<b>50</b>
<b>ER/C/O/29 Number of enterprises supported to introduce new to the firm products</b>	<b>391</b>

## Part 2

Gateway Assessment	
1. Is the project proposer eligible to apply for funding in accordance with the Common Provisions Regulations and the National Eligibility Rules for the relevant fund?	Yes <input checked="" type="checkbox"/>
	No <input type="checkbox"/>
2. Is the proposed activity and associated expenditure eligible for support within the Regulatory Frameworks applying to Structural Funds and National ERDF or ESF Eligibility Rules?	Yes <input checked="" type="checkbox"/>
	No <input type="checkbox"/>
	Partial <input type="checkbox"/>
3. Does the project present clear evidence that it contributes to the needs/opportunities identified in the Call for Proposals to which it is responding and the specific objectives, outputs and results of the relevant priority axes set out in the Operational Programme?	Yes <input checked="" type="checkbox"/>
	No <input type="checkbox"/>
	Partial <input type="checkbox"/>
4. Overall, does this proposal satisfy the Gateway Assessment?	Yes <input checked="" type="checkbox"/>
	No <input type="checkbox"/>
	Partial <input type="checkbox"/>
<p><b>Comment:</b></p> <p>Funding is sought to deliver a second phase of the Manufacturing Growth Programme project, under the Priority 3 OC50R18P0776 National Call. The Call invites applications seeking funding under Investment Priorities 3c and 3d to support manufacturing businesses.</p> <p>The current phase will complete (30/09/2019) within 18 months of the closing date (20/04/2018) of the Project Call, thus meeting one of the key requirements for 'extension projects' as detailed in the Call Specification.</p> <p>As a limited company the applicant, Oxford Innovation Services is eligible to apply for ERDF funding. The Grant Recipient for the current phase of the Manufacturing Growth Programme is WMMBF Limited. However the applicant for the extension is Oxford Innovation Services. This reflects organisational changes which are covered in section 4 of this assessment</p> <p>The proposed expenditure cost headings, including salaries and consultancy fees are eligible for ERDF support.</p> <p>The project involves the provision of technical and financial assistance to manufacturing SMEs in order to enhance their competitiveness. This will include</p>	

support to access new markets and develop new or enhanced products.  
Such activities are in line with the 'Local Development Needs' specified in the Call and also Priority 3, Investment Priorities 3c and 3d.

If the answer Question 4 above is "No", please **go straight to Part 4.**

## Part 3 Core Selection Criteria

1. Strategic Fit	
1.1 Does the proposed operation contribute to the needs/opportunities and domestic strategic priorities identified in the call to which it is responding? (Assessor Note – Please refer to LEP Annex)	Fully <input type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input type="checkbox"/>
1.2 Does the proposed operation represent an appropriate means of delivering the relevant, domestic strategic priorities, specific objectives, outputs and results of the relevant priority axes set out in the Operational Programme?	Fully <input checked="" type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input type="checkbox"/>
1.3 Does the application link activities, costs, outputs/results and delivery of the priorities in the Operational Programme?	Fully <input checked="" type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input type="checkbox"/>
1.4 If appropriate does the application demonstrate that the project would meet any requirements set in the OP for this type of activity?	Fully <input checked="" type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input type="checkbox"/>
1.5 Does the proposed operation align to the domestic strategic priorities and local growth needs set out in the local ESIF strategies? (Assessor Note – Please refer to LEP Annex)	Fully <input type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input type="checkbox"/>
1.6 Does the proposed operation duplicate or conflict with existing national policy?	Fully <input type="checkbox"/>
	Partially <input checked="" type="checkbox"/>
	Not at all <input type="checkbox"/>
Comment:  <u>1.2, 1.3, 1.4.</u> The project involves the provision of technical and financial assistance to manufacturing SMEs in order to enhance their competitiveness. This will include support to access new markets and develop new or enhanced products.	

Such activities are in line with Priority Axis 3, Investment Priorities 3c and 3d.

The proposed outputs are in line with the Operational Programme. There is a credible link between the activities (examples provided above) and the outputs including C1 - Number of Enterprises Receiving Support and C8 Employment increase in supported enterprises.

### 1.6

Phase 1 of this project was not deemed to duplicate or conflict with national policy. As mentioned earlier this operation will, broadly speaking deliver the same activities as its predecessor and is not considered to conflict with national policy. Furthermore, the Full Application process requires applicants to identify any schemes (both at a local and national level) that are delivering similar activities to ensure there is no duplication.

**ESF only, Strategic Fit Score**

## **2. Value for money**

2.1 Additionality. Does the application confirm that ESIF investment adds value in terms of activities and impacts?

Yes

No

2.2 How does the project provide good value for money?

Comment:

**Please refer to the LEP Annex for the LEP-specific Value For Money assessment.**

The assessor has however carried out a more general review taking into account the overall project budget and outputs across the 16 LEP areas.

As the tables below indicate, all, but two of the proposed output unit costs are lower than the applicable benchmark averages, indicating that the project offers good value for money. This includes the key performance framework target C1 - Number of Enterprise Supported.

The C5 – Number of New Enterprises Supported target unit cost is high, but this reflects the focus of the project on established businesses.

The C4 – Number of Enterprises receiving non-financial support unit cost is also high and it is recommended that the proposed target is revisited if a Full Application is invited to ensure that it accurately reflects guidance on counting of sub-sets.

Whilst the project offers good value for money against the programme benchmarks, it is noted that the unit costs proposed in phase 2 are slightly higher than that in phase 1, so this should be justified if a full application is invited. However, in phase 2 the

applicant is also proposing to include targets for two outputs that are not included in phase 1: C4 No of Enterprises Receiving non-financial support and C28 No of enterprises supported to introduce new to the market products. This improves the value for money of the project.

More Developed

PA3 Output indicators	Average Cost/ Unit (£)	Proposed Targets	Average Cost/ Unit (£)	+/- vs OP	
C1 Nr of Ent receiving support	£12,381	1520	£5,816	(£6,565)	-53%
C2 Nr Ent receiving a grant	£18,626	1520	£5,816	(£12,810)	-69%
C4 Nr Ent receiving non-fin support	£47,890	78	£113,333	£65,443	137%
C5 Nr new Ent supported	£29,856	39	£226,667	£196,811	659%
C6 Private invest matching public support to Ent (grants)	£3	£8,840,00 0	£1	(£2)	-66%
C8 Employ increase in supported Ent	£29,688	1923	£4,597	(£25,091)	-85%
C28 Nr Ent supported to introduce new to the market products	£776,401	39	£226,667	(£549,734)	-71%
C29 Nr Ent supported to introduce new to the firm products	£97,020	305	£28,984	(£68,037)	-70%

Transitional

PA3 Output indicators	Average Cost/ Unit (£)	Proposed Targets	Average Cost/ Unit (£)	+/- vs OP	
C1 Nr of Ent receiving support	£9,954	429	£6,977	(£2,977)	-30%
C2 Nr Ent receiving a grant	£14,975	429	£6,977	(£7,998)	-53%
C4 Nr Ent receiving non-fin support	£38,503	22	£136,043	£97,540	253%
C5 Nr new Ent supported	£21,364	11	£272,085	£250,722	1174%
C6 Private invest matching public support to Ent (grants)	£2	1995292	£1	(£1)	-37%
C8 Employ increase in supported Ent	£23,869	543	£5,512	(£18,357)	-77%
C28 Nr Ent supported to introduce new to the market products	£623,985	11	£272,085	(£351,900)	-56%
C29 Nr Ent supported to introduce new to the firm products	£77,998	86	£34,802	(£43,197)	-55%

**ESF only, Value for Money Score**

### 3. Deliverability

3.1 Is the operation deliverable within the requirements of the Operational Programme?

Fully

Partially

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	Not at all <input type="checkbox"/>
3.2 Is Match Funding in Place	Fully <input type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input checked="" type="checkbox"/>

Comment:

The proposed operation is scheduled to operate for 3 years, concluding on 31/03/2022. This is comfortably within the June 2023 deadline specified in the project call.

As explained previously, this is an application to extend a current project. The financial performance of the current phase of the project has been solid to date, delivering to within 5% of the 2017 target. In respect of the key C1 (Number of Enterprises Supported) Target, the project again delivered to within 5% of the 2017 target.

There does appear to be an overlap between the current and proposed phases of the project. The current phase financially completes on 30/09/2019, whilst the 'new phase' will commence on 01/04/2019.

The applicant has explained however that in respect of the first phase, delivery to SME's will cease in March 2019 and that the remaining months of the project will be used to meet administrative and reporting requirements. Whilst this is noted, it is important that the applicant explains how it will ensure that the costs relevant to each project phase are clearly distinguishable and auditable.

The project is proposing an overall contribution rate for 50% in the More Developed Category of Regions and 60% in the Transitional Categories of Regions. These rates are acceptable.

However, based on the financial annexes, the revenue contribution rate will fluctuate between 49.31% and 95.74%. This is clearly over and above any variations attributable to the project operating across two categories of region.

It is not permissible to employ a variable More Developed or Transitional revenue contribution rate and this will need to be taken into account if a Full Application is invited.

The Funding Sources section of the financial annexes of the application is incomplete. However taking into account application section 6, match-funding will be provided entirely by the SME beneficiaries. This will be in the form of contributions to the costs of procured consultancy support and capital costs.

Obviously the match is unsecure at this stage. However the Phase 1 project follows a

similar model and has been successful so far in attracting SME match.

The applicant will need to provide a full explanation as to how SME match will be obtained, tracked, monitored and utilised.

**ESF only, Deliverability Score**

#### 4. Management and Control

4.1 Has the applicant confirmed that

- |   |   |                             |
|---|---|-----------------------------|
| • They have read and understood the document: Management and Control Requirements for ESIF Projects   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| • The applicant organisation already has systems in place to comply with these requirements; or has the capacity to establish systems that will meet these requirements | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

4.2 Does the applicant's track record suggest that the applicant does have or would have the necessary management capacity, systems and processes to meet ESIF management and control requirements?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Comment:

Firstly it should be noted that the Grant Recipient for the current phase of the Manufacturing Growth Programme is **WMMBF Limited**. They have just changed their registered name to **Economic Growth Solutions Limited**.

The project is currently being delivered by staff employed by **Economic Growth Solutions Limited**. The aforementioned staff will be transferred to **Oxford Innovation Services** in time to deliver the phase 2 project on the 1<sup>st</sup> April 2019.

**Oxford Innovation Services** is the applicant for the phase 2 project.

The change of applicant (and impact on the deliverability of the project) will need to be explained further in the event that this bid for funding progresses to the 'Full' stage.

At the time of the assessment, 0 irregularities had been raised in respect of the phase 1 project. The project has previously been inspected by the Article 125 Team. An Article 127 inspection was also carried out in April 2018, but the report has not been

issued yet.

Oxford Innovation Services has current experience of delivering ERDF projects including the Financial Readiness and Innovate to Succeed schemes which are in delivery. Currently only one irregularity (for £3.45) has been raised to date in respect of Oxford Innovation Services (OIS) led projects under the 14-20 ERDF Programme.

4.3 If appropriate, does the application demonstrate a compliant approach to apportioning costs between LEP areas?

NA

Yes

No

4.4 If appropriate, does the application demonstrate a compliant approach to apportioning costs between Category of Regions?

NA

Yes

No

4.5 **ESF Only** - Does the application demonstrate a compliant approach to apportioning costs between Investment Priorities?

NA

Yes

No

Comment:

The application does provide a breakdown of the overall budget between the relevant Categories of Region and LEPs.

However the application does not detail how costs will be apportioned between the Categories of Region, for example in instances where a member of staff delivers support to SMEs in both the Transitional and More Developed areas.

A methodology for apportioning costs will need to be provided if a Full Application is invited.

4.6 Does the project intend to incur any expenditure before a funding agreement is agreed

Yes

No

4.7 Due Diligence: Is due diligence necessary?

Yes

No

Comment: A due diligence assessment will be required in respect of the applicant/proposed Grant Recipient.

**ESF only, Management and Control Score**

## 5. Compliance

5.1 Procurement.		
5.1.1 Does the project involve any procurement	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
5.1.2 Does the application set out an approach to procurement that is compliant with the Procurement Law ESIF Compliance Guidance Note?	Fully <input checked="" type="checkbox"/>	
	Partially <input type="checkbox"/>	
	Not at all <input type="checkbox"/>	
5.1.3 Does the applicant's track record suggest that the applicant does have or would have the necessary management capacity, systems and processes to meet ESIF procurement requirements?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>Comment:</p> <p>The project will include procurement of services and supplies. The proposed procurement methods are in line with the National Rules and the implication is that the applicant is a non-contracting authority. The status of the applicant as a non-contracting authority will need to be confirmed at the Full Application stage.</p> <p>At the time of the assessment there were no recorded procurement irregularities in respect of Oxford Innovation Services –led projects.</p>		

5.2 State Aid.		
5.2.1 Is the applicant and any delivery partners eligible to receive the grant requested within the State Aid Regulations?	Fully <input checked="" type="checkbox"/>	
	Partially <input type="checkbox"/>	
	Not at all <input type="checkbox"/>	
5.2.2 Would the project provide State Aid to any third parties?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If yes, and to the best of your knowledge, are these third parties eligible to receive grant aid at the level requested within the State Aid Regulations?	Fully <input checked="" type="checkbox"/>	
	Partially <input type="checkbox"/>	
	Not at all <input type="checkbox"/>	
5.2.3 Does the application or the applicant's track record suggest that the applicant does have or would have the necessary management capacity, systems and processes to meet State Aid requirements?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>Comment:</p> <p>A reasonable case has been made that all aid will be transferred to the SME beneficiaries under this project. The applicant is proposing to deliver the aid using the De Minimis and GBER Article 18 Aid for Consultancy exemptions. Adequate procedures for demonstrating compliance with state aid rules have been outlined.</p> <p>At the time of the assessment there were no recorded State Aid irregularities in respect</p>		

of Oxford Innovation Services –led projects.

### 5.3 Publicity

Has the applicant confirmed that:

- |   |   |                             |
|---|---|-----------------------------|
| • They have read and understood the Branding and Publicity Requirements   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| • The applicant organisation already has systems in place to comply with these requirements; or has the capacity to establish systems that will meet these requirements | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

**ESF only, Compliance Score**

### 5.4 Revenue generation (ERDF only).

Does the project involve the generation of revenue	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Comment: The applicant has confirmed that the project will not generate revenue.

### 6. Cross Cutting Themes

- |   |   |
|---|---|
| 6.1 Does the application demonstrate that the applicant will take positive measures to support the sustainable development theme?   | Fully <input type="checkbox"/>                |
|   | Partially <input checked="" type="checkbox"/> |
|   | Not at all <input type="checkbox"/>           |
| 6.2 Does the application demonstrate that the applicant will take positive measures to contribute towards the gender equality and non-discrimination cross cutting theme? | Fully <input checked="" type="checkbox"/>     |
|   | Partially <input type="checkbox"/>            |
|   | Not at all <input type="checkbox"/>           |

Comment:

#### Sustainable Development

The applicant has explained that it will minimise paper usage and travel through the use of cloud-based Financial, Document Management and Customer Relationship Management systems. The project will also potentially support beneficiaries to access expert support in areas including environmental management, although this point needs to be developed further.

#### Gender quality and Non-Discrimination

The applicant has provided assurance that the project will make a positive contribution to this theme. This will include collecting and analysing equalities and diversity data

with the aim of ensuring that the project is accessible by all eligible SMEs.

**ESF only, Cross Cutting Themes Score**

### 7. Advice from local ESIF Sub-Committee

What advice has the sub-committee given regarding

- how well the proposal addresses domestic strategic priorities through meeting local development need, growth conditions and opportunities;
- the contribution/potential return on investment the applications will deliver in the context of the Operational Programme and local ESIF Strategy;
- the likely impact of ESI Funds on persons with protected characteristics and or on mitigating measures where adverse impacts are identified.

**8. Overall Comment:** To be completed pre-ESIF sub-committee without recommendation and updated post-ESIF sub-committee with recommendation

This is an application to extend the current Manufacturing Growth Programme for an additional 3 years.

The current programme operates across 15 LEPs. The proposed extension will operate across all, but one of these LEPs. (New Anglia). Delivery will also take place in an additional two LEPs: Enterprise M3 and the Solent.

Phase 2 will deliver similar activities with a continued emphasis on the provision of technical and financial assistance to manufacturing SMEs in order to enhance their competitiveness. The proposed activities are eligible and in alignment with the Project Call.

For convenience a brief summary of the assessment has been provided below.

#### **Strategic Fit:**

- Proposed activities are in line with Priority 3 Investment Priorities 3c and 3d.
- The application does not state how the project will address the specific needs and priorities of each LEP.

#### **Value for Money**

- The majority of the overall output unit costs are lower than the benchmark averages, indicating that good value for money is being offered.
- A consideration of VFM at the individual LEP Level has been undertaken and is

included as an Annex to the outline assessment.

### **Deliverability**

- Proposed project duration and end date permissible within constraints of Project Call and Operational Programme.
- The project is reliant on SME match and further details on the mechanisms for collecting, monitoring and using this match will be required.

### **Management and Control**

- The performance of the current project has been good to date. The project delivered to within 5% of 2017 spend and output targets and has not incurred any irregularities
- The Grant Recipient for the current phase of the Manufacturing Growth Programme is WMMBF Limited (now known as Economic Growth Solutions Limited.) However the applicant for the extension is Oxford Innovation Services (OIS). This reflects organisational changes

### **Cross-Cutting Themes**

- The application indicates that the project will make a compliant contribution to the cross-cutting themes.

<b>ESF only, total score</b>	
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### **Proposed Conditions**

#### 1 Due Diligence Requirements:

Acceptance of a full application will be subject to satisfactory completion of financial due diligence checks by the managing authority. These checks are to provide assurance to the managing authority that the applicant has the finances in place to deliver the project as proposed. The checks will investigate the adequacy of the applicant's financial situation to:

- 1a. Fund any contribution to match funding to be provided by the applicant;
- 1b. Cashflow the project quarterly in arrears;
- 1c. Fund any increases in budgeted project costs;
- 1d. Fund project costs notwithstanding any reduction in ERDF grant received should an irregularity be incurred;
- 1e. Remain solvent during the project delivery period.

To enable the managing authority to undertake this review, applicants should provide a

copy of their full annual report and accounts for the past three financial years. These should be provided to the named appraiser as soon as practical following receipt of this letter.

## 2. Procurement Conditions

2a. Attention is drawn to compliance with Procurement Law and in particular the Public Contracts Regulations 2015 (<http://www.legislation.gov.uk/ukxi/2015/102/contents/made>):

- Applicants must refer to the Procurement Law ESIF Compliance Note in the development of the full application and in considering/applying their procurement processes (Useful Links, above refers);
- The managing authority reserves the right not to take forward the full application if any aspects of procurement are identified as being non-compliant at the full application stage;
- Applicants should note that procurements will be tested in detail in the lifetime of a project and by different independent bodies. In the event of non-compliance an irregularity will be declared and a financial penalty will be imposed in line with EU guidance. This can be up to 100% of the irregular procurement expenditure. The managing authority therefore recommends that applicants seek appropriate legal and/or technical advice to ensure compliance.

2b. The applicant should prepare and submit with the full application a Procurement Plan. As a minimum, this should set out in respect of each procurement to be undertaken:

- a. Timescales for each stage of the process;
- b. The process being followed;
- c. Person responsible for day to day delivery of the procurement;
- d. Person responsible for gateway checks at each stage of the process;
- e. Details of how you will ensure that contracts are procured compliantly – particularly where the procurement is being carried out by a team outside of the proposed project delivery team.

2c. The applicant must provide all core OJEU procurement documentation to the managing authority as soon as it is available. Where procurements have already been undertaken, the applicant should submit all relevant documentation along with a copy of the Procurement Review Form (ESIF-Form-4-005 OJEU Procurement Review Form), this will be provided by your appraiser.

### Frameworks

Where an OJEU level contract has been let under a framework, the documentation set in the OJEU Procurement Review form is required along with the following additional



documents:

1. OJEU Contract Notice for the Framework;
2. Details of the agreed Methodology for awarding contracts from the Framework.

This is not an exhaustive list and the MA may request additional information at any point. The Applicant will be required to retain a full procurement audit trail in line with the ESIF Compliance Procurement Law Guidance Note.

3 The Grant Recipient for the current phase of the Manufacturing Growth Programme is WMMBF Limited (now known as Economic Growth Solutions Limited). However the applicant for the extension is Oxford Innovation Services (OIS). The proposed change of Grant Recipient will need to be explained. As part of the explanation further assurance must be provided that OIS will have the capability and capacity to deliver Phase 2 in line with the key milestones set out in the Full Application.

4 The applicant must provide a full explanation as to how the project will address the local needs and priorities of each LEP area which were set out in the annexes to the call. This will include direct references to the objectives of each applicable ESIF Strategy.

5 The applicant must detail the methodology for apportioning costs between the Categories of Region, for example in instances where a member of staff delivers support to SMEs in both the Transitional and More Developed areas.

6. Manufacturing Growth Programme Phase 1 is scheduled to financially complete on 30/09/2019, but a start date of 30/04/2019 has been requested for Phase 2, meaning there is an overlap between the phases. The applicant is to explain how it will ensure that the costs relevant to each stage are clearly distinguishable and auditable.

7. The applicant must provide a full explanation as to how SME match will be obtained, tracked, monitored and utilised.

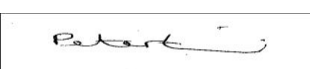

8. Based on the Financial Annexes, the revenue contribution rate will fluctuate between 49.31% and 95.74%. It is not permissible to employ either a variable More Developed revenue contribution rate or a variable Transitional revenue contribution rate. Similarly it is not permissible to employ either a variable More Developed capital contribution rate or a variable Transitional capital contribution rate. This must be taken into account when completing the Full Application Financial Annexes.

7. The applicant must ensure that the Full Application Financial and Outputs Annexes are **fully** completed.

8. The applicant is to confirm if it is a Contracting Authority or Non-Contracting Authority.

9. The applicant should detail how lessons learnt from the phase 1 of the Manufacturing Growth Programme will inform the delivery of this project.
10 It is possible to report more than one subset of the C1 - Number of Enterprises Receiving support output (e.g. C2, C3, C4, C5) in respect of the same Enterprise. The applicant is to take this into account and revise the proposed C4 target accordingly.
11 It is noted that the unit costs for delivering outputs proposed in phase 2 are slightly higher than in phase 1. The difference should be justified at the full stage.
12 The applicant must explain how resource efficiency is embedded into the business support offer.

## Part 4 Decision

4.1 Assessment			
Completed by: (Assessor)	Peter Hamid 	Date:	21/05/2018
Reviewed by: (QA/Reviewer)	Anna Vinsen 	Date:	25/05/2018

4.2 Managing Authority assessment decision	
<b>Progress</b>	<input type="checkbox"/>
<b>Progress with conditions</b>	<input checked="" type="checkbox"/>
<b>Reject:</b>	
a) Failed Gateway	<input type="checkbox"/>
b) Failed Core Selection Criteria, domestic priorities (Strategic Fit)	<input type="checkbox"/>
c) Failed Core Selection Criteria, VFM	<input type="checkbox"/>
d) Failed Core Selection Criteria (other than b,c)	<input type="checkbox"/>
e) Met Selection Criteria but Insufficient resources	<input type="checkbox"/>
In cases where the Call was to select a single project and a – e do not apply.	<input type="checkbox"/>
f) Not selected on the basis of alignment with domestic priorities (Strategic Fit)	<input type="checkbox"/>
g) Not selected for reasons of VFM	<input type="checkbox"/>

h) Not selected on the basis of Core Selection Criteria (other than b,c)		<input type="checkbox"/>	
<b>Comment:</b>			
<b>Conditions</b>			
1 progress subject to <b>Due Diligence</b> where appropriate			
2 If project involves income/revenue direct applicants to guidance/requirements/rules re <b>NET Revenue</b>			
3 Insert further conditions if necessary.			
Name (Approver)		Date:	

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