

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	Department for International Trade (DIT)	
1.2 Project Name	Midlands Engine Export Grant Scheme	
1.3 ERDF or ESF Operation Programme Priority Axis	PA 3	
1.4 Name of ERDF or ESF Investment Priority	3d	
1.5 LEP Area (s) covered	Black Country LEP Coventry and Warwickshire LEP D2N2 LEP Greater Birmingham and Solihull LEP Greater Lincolnshire LEP Leicester and Leicestershire LEP South East Midlands LEP Stoke and Staffs LEP The Marches LEP Worcestershire LEP	
1.6 Total Project Value (£)	£11,766,000	
1.7 Total ESIF sought (£)	£5,883,000	
1.8 ESIF Investment per Category of Region %	<i>Less Developed</i>	
	<i>More Developed</i>	55%
	<i>Transition</i>	45%

2.0 Project Timetable

2.1 Proposed Start Date	01 April 2019
2.2 Proposed Financial Completion Date	31 March 2022

3.0 Project Description

This £11.7m project will complement the Department for International Trade's new Export Strategy, providing £5.4m of co-investment support to 1080 SMEs across the Midlands Engine geography – primarily targeting larger SMEs, Scale Ups and SMEs with high export growth potential.

This three-year project, beginning 1 April 2019, will provide grant support in line with DIT's new Engage, Diagnose, Brokerage approach (EDB) including a diagnostic process of a quality not previously achieved. The diagnostic will address SME barriers to export and internationalisation needs. Where justified, the project will provide up to 50% of the cost of market tested professional advice. A wide range of export related professional expertise will be eligible for support – covering cross cultural negotiation support, export market research, market selection and entry advice, advice on Intellectual Property rights, market specific product design and development, innovation services, product certification and standards, translation and cultural advice, international tax planning, export legal documentation, PR support, social media and search engine marketing, routes to market/agency advice, international HR and recruitment advice, overseas business environment, and due diligence.

The DIT Diagnostic process will produce detailed, fully costed, Export Action Plans, triggering new export sales, increasing existing exports, supporting faster and better implementation and improving efficiency in export processes.

1080 enterprises will be supported with grant funding of an average £5k and ranging between £3k and £7k. The delivery of Export Action Plans will help create a minimum of 216 jobs.

As a part of the planned OJEU re-contracting of DIT's core activity (scheduled for autumn 2018) subcontractors will be procured to deliver the project's co-investment fund.

DIT will employ a project team of 5 to take responsibility for this and other ERDF projects being undertaken in the Northern Powerhouse and the South. These project management arrangements are in line with the established DIT Management and Governance structures and the Government's long term, ambitious economic plan to re-balance and grow the UK economy. The project team will manage the subcontractors, prepare claims, liaise with MHCLG and auditors. Costs will be apportioned across projects.

As part of the Core DIT service International Trade Advisers (ITAs) employed by DIT sub-contractors will engage eligible SMEs, diagnose their export barriers/needs, help create Export Action Plans, and support the brokerage process.

The appointed subcontractors will manage an ERDF compliant online grant application and the subsequent payment process. A Back to Back Agreement will require the subcontractors to ensure that all regulatory and eligibility criteria are met. The Department stands ready to expand this project if the Managing Authority decides to make more ESIF funding available.

4.0 Delivery Partners

None

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

Operational Programme (OP)

The project provides direct support to Investment Priority 3d of Priority Axis 3 of the OP. It will provide expert professional advice, consultancy, mentoring, leadership and management coaching to enable SMEs to enter, establish and expand in international markets. The OP recognises that market development is critical to SME growth and research reveals SMEs rate themselves as weak in entering new markets, particularly in challenging markets beyond the EU and US which will become increasingly important after BREXIT. The project can make significant contributions to increased export sales growth and job creation by introducing international trade to SMEs as a new business model.

Domestic Strategic Priorities

The project supports DIT's new Export Strategy which signals a change of focus in Government led internationalisation support – creating significant sales impact in fewer high export growth potential firms, connecting them to DIT's extensive overseas networks and High Value opportunities. DIT research and extensive analysis shows that the project's primary target market has the capability to deliver higher levels of economic impact – export sales growth, more and better paid jobs and productivity gains.

DIT will continue to deliver Exporting is GREAT campaigns and develop great.gov.uk. Local teams of ITAs will continue to work with Growth Hubs and key local partners to promote export as a development opportunity for smaller companies. DIT activity will align with the Industrial Strategy, its Sector Deals and Grand Challenges as well as supporting the Government's approach to Smart Specialisation as set out in the April 2015 submission to the European Commission.

Local ESIF Strategies

The accompanying Annexes have been prepared specifically for LEP Officers' and Sub-Committees' information. They demonstrate how the project will align with participating LEP ESIF strategies and growth aspirations. This targeted grant scheme supports productive investment which will not duplicate any existing local initiatives or displace market activity. The Annexes also underline DIT's commitment to active collaboration with LEPs, Growth Hubs and key local partners and provide individual

responses to specific LEP requirements annexed to the Call. LEP priority sectors will be targeted, relative to LEP aspirations and financial commitments.

Call Requirements

DIT is committed to working with LEPs to collect and record baseline data which will help underpin robust analysis in relation to local export performance. Quarterly project performance reporting will include qualitative and quantitative data at LEP area level. The depth of the new DIT Diagnostic provides the opportunity for data capture not previously achievable and DIT's intention is to use the project's Summative Assessment process to develop new kinds of impact evidence.

6.0 Outputs and Results (please add/delete rows as required)	
6.1 Outputs	Forecast
C1 – Number of enterprises receiving support	1,080
C2 – Number of enterprises receiving grants	1,080
C6 – Private investment matching public support to enterprises (grants).	£5,807,062
C8 – Employment increase in supported enterprises.	216

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"/>
Comment: The project is eligible for support and passes the gateway assessment.	

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?	Fully <input type="checkbox"/>
	Partially <input checked="" 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?	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 checked="" type="checkbox"/>
	Partially <input type="checkbox"/>
	Not at all <input type="checkbox"/>
Comment: The main objectives of this proposal are to drive business growth by enabling SMEs to enter, establish and expand in international markets. By promoting international trade and increased export sales growth to SMEs across the 10 LEP	

areas of the Midlands Engine geography, the project fits well with the call.

The proposal fits well with the specific activities set out in Priority Axis 3, and the costs, activities and outputs are all consistent with those for Priority Axis 3. The brokerage model facilitates access to export-related professional expertise and is consistent with investment priority 3d. The menu of support to be provided covers a wide range of export-related activity, from cross cultural negotiation support, routes to market/ agency advice and regulatory and product certification support, which align with the export-related focus.

The domestic strategic priorities are referenced and good linkages are made between this proposal and the DIT's new export strategy and existing initiatives such as Exporting is GREAT and great.gov.uk. Good references are made to other business-related initiatives such as the Industrial Strategy and Smart Specialisation and further detail on how this project will align with these in practice should be provided at full.

The proposal addresses in general how the project will meet the local growth needs of the 10 LEP areas and directly refers to the priorities highlighted by each LEP in the call. The accompanying annexes cover the 10 LEPs and set out in general terms the benefits to businesses within each LEP geography, how the project will work with the local Growth Hub and LEP stakeholders as well as more specific ONS data on the likely pool of SME beneficiaries in each LEP area, local initiatives with which the project could work and the scale of proposed activity within each LEP area. Also positively, the application responds directly to the priorities or questions raised by each of the 10 LEPs in the call annex.

The attached annex includes the strategic fit information provided by the applicant for this LEP, and the Managing Authority assessment of the information provided.

There is no duplication with national policy, as reinforced by DIT acting as the accountable body for this project and the proposal clearly demarcating between core DIT activity and the added value of the ERDF element. On this last point, the full application should further detail the client journey, delineating between core DIT support up to the point of the Export Action Plan and the ERDF-supported activity in implementing the action plan.

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:

The proposal offers good value for money compared with Programme benchmarks as set out below:

More developed

PA3 Output indicators	More Developed Target	Average Cost/ Unit (£)	Proposed Targets	Average Cost/ Unit (£)	+/- vs OP	
C1 Nr of Ent receiving support	50,859	£12,381	594	£5,447	(£6,933)	-56%
C2 Nr Ent receiving a grant	33,805	£18,626	594	£5,447	(£13,179)	-71%
C6 Private invest matching public support to Ent (grants)	213,209,372	£3	£2,969,175	£1	(£2)	-63%
C8 Employ increase in supported Ent	21,209	£29,688	119	£27,190	(£2,498)	-8%

Transitional

PA3 Output indicators	Transition Target	Average Cost/ Unit (£)	Proposed Targets	Average Cost/ Unit (£)	+/- vs OP	
C1 Nr of Ent receiving support	37,989	£9,954	486	£5,447	(£4,507)	-45%
C2 Nr Ent receiving a grant	25,251	£14,975	486	£5,447	(£9,528)	-64%
C6 Private invest matching public support to Ent (grants)	159,257,385	£2	2429325	£1	(£1)	-54%
C8 Employ increase in supported Ent	15,842	£23,869	97	£27,292	£3,423	14%

The cost of the performance framework C1 output is significantly below the Programme-level benchmarks for both the more developed and transitional categories of region. The project will provide grant assistance on average of £5K per SME, which will equate to up to 50% of the costs of the specialist -export consultancy.

The economy assessment findings, based on level of investment compared with the number of C1 outputs, remain broadly consistent across all 10 LEPs, and across the 3 outline applications submitted by DIT under this call for the Southern Export Grant scheme, the Northern Powerhouse Export Grant Scheme and this Midlands Engine Export Grant Scheme. Further, as the ERDF investment is directly linked to the level of take-up, with less than 10% of project costs allocated to management and administration costs, this value for money assessment is unlikely to deviate significantly should the output actuals reduce in delivery since the expenditure will reduce proportionately.

The cost breakdown allocates the majority of spend to Other Revenue to cover the grants. The £11.2m allocated to Other Revenue reflects the proposed support of 1080

SMEs at an average grant of £5K, with the proposal indicating that grants will range from between £3K to £7K. The full application should clearly state the aid intensity levels for the grants scheme. Other costs comprise £390K consultancy to cover the management costs associated with administering the grant scheme; £120K as part contribution to the costs of the 5 strong core project management team and small amounts for the 15% flat rate overhead, rent, summative assessment evaluation and office costs. The management and administration costs equate to 5% of the total project costs.

The core project management team of 5 staff will work across 3 ERDF export grant projects, namely Midlands Engine, Northern Powerhouse and South Export Grant Scheme. At the full application, further information should be provided detailing the role and responsibilities of the core project management team compared with that of the sub-contractors in respect of the management of the grant scheme.

In line with the Eligibility Guidance, any shared revenue costs where a direct cost cannot be ascertained should be removed from the full application. This would apply to the rent costs which appear to be shared across the 3 projects. Similarly, any notional apportionment of shared costs should be removed. This includes the costs of the core project management team when their time is spent on general activity which relates to all 3 projects and 28 LEP areas as this would be a shared cost. The full application should only include time which can be directly attributed to this specific project and time will need to be clearly recorded using timesheets.

The effectiveness value for money assessment is based on comparing the proportion of budget allocation requested from each LEP's PA3 budget to the proportion of performance framework target outputs to be delivered. In summary, for each LEP area the proposal represents value for money on an effectiveness basis, as set out in the table below in each case the project offers a much higher share of the Performance Framework output target than its share of the related budget:

LEP	ERDF funding £	M & A £	Outputs - C1	Outputs - C8	PA3 budget	P3 Performance Framework Targets (PFTs)	Project % of PA3 budget	Project % of PFT
Black Country	450,000	37,000	83	17	66,743,580	2,132	0.67	3.89
Coventry & Warwickshire	500000	41000	92	18	52860412	1688	0.95	5.45
D2N2	500000	47500	92	18	111379406	3557	0.45	2.59
GBSLEP	1000000	82500	184	37	95362090	3046	1.05	6.04
Greater Lincolnshire	900000	74000	165	33	65951317	3112	1.36	5.30
LLLEP	500000	41000	92	18	64050252	2046	0.78	4.50
SEMLEP	250000	20000	46	9	77562272	2235	0.32	2.06
SSLEP	123300	101000	226	45	85135543	4017	1.45	5.63

	0							
The Marches	400,000	33,000	73	15	45016702	2124	0.89	3.44
Worcestershire	150000	12000	28	6	34854034	1113	0.43	2.52
ESF only, Value for Money Score								

3. Deliverability

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

Fully

Partially

Not at all

3.2 Is Match Funding in Place

Fully

Partially

Not at all

Comment:

In principle the project is deliverable, with the delegated grants scheme operating across a 3 year period and such revenue-funded activity having flexibility to revise the scale and scope as delivery progresses should this be required. The number of outputs to be achieved across the 10 LEP areas is ambitious and allocated by a standard formula rather than tailored to individual LEP areas.

Delivery will be wholly dependent upon the take up of grants by SMEs. The applicant has provided information on the potential number of clients in each LEP area i.e. companies identified as having export growth potential. The anticipated level of penetration in each LEP is variable.

	Cov & Marks	D2N2	LLEP	Greater Lincs	SEMILEP	SSLEP	Worcestershire	Black Country	GBSLEP	The Marches
C/0/01 Enterprises supported	92	92	92	165	46	226	28	83	184	73
SMEs with high export growth potential in LEP area	705	1420	805	715	1530	730	445	850	1385	510
Market penetration	13%	6%	11%	23%	3%	31%	6%	10%	13%	14%

This reflects the formula based approach. A full application should include a description of:

- the outputs to be delivered in each LEP area;
- how outputs have been calculated, taking account of the local market;

- how the applicant will manage demand e.g. ration investment in areas where the required level of penetration is low or stimulate demand in areas where projected levels of penetration are high; and
- how the project will ensure engagement of businesses in areas where there are lower concentrations of potential clients e.g. in rural areas.

Delegated grants schemes bring specific administrative complexities and the full application will need to reassure that all necessary preparatory work will be completed ready for the start date and that the profile takes account of the time it will take for beneficiaries of the grant scheme to provide the appropriate defrayal evidence for grants to be included in claims to the MA. The aspiration to administer the scheme on-line and across so many LEP areas and 1000+ SMEs should all be addressed with detail on the delivery mechanisms and progress towards implementing the necessary systems and processes.

The delivery model is based on a core project management team of 5 staff overseeing 3 large regional programmes of activity, with the grants scheme administration being sub-contracted out. It is not clear at this stage as to how the grant scheme management will operate, i.e. whether this will be a single provider or multiple providers and how the latter will be allocated. The full application provides an appropriate opportunity for the applicant to detail fully how this key delivery function will be procured and will operate.

To support the scale and scope of operations proposed, the full application will need to fully detail the work programme, milestones, risks and dependencies. Key to the success of this project will be securing a pipeline of potential grant recipients and details of the arrangements in place across the various LEP geographies to engage with the SME community should also be provided at full. A condition is recommended that in addition to the milestones which need to be provided at full, the applicant should submit a detailed delivery plan for the first year.

Match funding will be provided by the SME grant beneficiaries at £5.8m and DIT at £76,000, equating to 50% of the total project value of £11,766,000. As the majority of match funding is to be provided by the SMEs, which are as yet unidentified this funding is unsecured. It appears that the applicant is proposing to use a portion of the SME contribution, i.e. £480,000 to match management and administration costs. This presents a risk to the financial viability of the project and adds to the complexity of the project. This approach should be justified at the full stage. This further strengthens the need to provide evidence of SME demand and pipeline of potential grant applicants.

The outline sets out good arrangements for administering the SME grants which aligns with programme requirements in terms of defrayal, the SME contributions constituting match and not income to the project, and the procurement processes. Further detail on this should be provided at full, which could include for example a business process map

with indicative documentation at various stages.

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: DIT has no track record of managing and administering ERDF projects. As such the applicant will need to satisfactorily demonstrate the capability to effectively manage ERDF funding. The full application should detail fully the systems and processes they will put in place to meet programme requirements and this should also incorporate how the procured sub-contractors will meet programme requirements.

4.3 If appropriate, does the application demonstrate a compliant approach to apportioning costs between LEP areas?	NA <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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4.4 If appropriate, does the application demonstrate a compliant approach to apportioning costs between Category of Regions?	NA <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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4.5 ESF Only - Does the application demonstrate a compliant approach to apportioning costs between Investment Priorities?	NA <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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Comment:

4.6 Does the project intend to incur any expenditure before a funding agreement is agreed	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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4.7 Due Diligence: Is due diligence necessary?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Comment:

Responses to 6.3 and 6.4 do not sufficiently answer how the project will apportion or attribute costs across the different LEP areas or categories of region. The full application will need to demonstrate that the guidance on management of categories of region will be implemented. Shared costs, such as time spent by the core project and grant fund management teams which cannot be easily attributable to either the more developed or the transitional regions or which supports all 3 multi-LEP programmes of activity, should be excluded from the costs.

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 type="checkbox"/>	
	Partially <input checked="" 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 type="checkbox"/>	No <input checked="" type="checkbox"/>

Comment:

The partial rating is applied as the outline only briefly refers to procuring the sub-contractor responsible for the delivery of the on-line grant application and payment process via the planned OJEU re-contracting of the DIT's core activity. No further detail is provided as to how this will be undertaken. Given that DIT is a new applicant to ERDF, and therefore has no track record in respect of ESIF procurement requirements, the full application will need to demonstrate their capability to deliver compliant procurements. Positively, the outline refers to how the SMEs will procure the export-specialist services and this approach aligns with programme requirements. However, while the stated intention to rely on direct award rather than obtaining quotes reflects the national rules, some consideration as to how the principles of fairness, transparency and value for money will be observed is recommended.

In addition to the procurement policy, the applicant should provide a procurement strategy which sets out the rationale for their preferred procurement approach. Risks are associated with combining the ERDF-grants scheme management element with the DIT core activity. The applicant should confirm in their procurement strategy how the costs of the grant management scheme will be separately costed to the core DIT

costs and how these risks will be avoided, to enable the project to directly claim these costs in delivery.

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 type="checkbox"/>	No <input checked="" type="checkbox"/>

Comment: An appropriate State Aid approach is proposed, based on using GBER Article 18 – aid for consultancy in favour of SMEs. This block exemption is consistent with the proposed model and the outline sets out in general some good measures on how this will be delivered compliantly. The full application requires the applicant to apply the State Aid test to all interested parties and to set out how this will be administered compliantly. The latter should also encompass how the sub-contractor will administer the grants in accordance with the GBER requirements.

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:

6. Cross Cutting Themes

6.1 Does the application demonstrate that the applicant will take positive measures to support the sustainable development theme?

Fully

Partially

Not at all

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

Partially

Not at all

Comment: The application sets out a good range of practical measures to implement the environmental sustainability theme in project delivery systems and processes. However, in line with the call requirements the applicant needs to demonstrate how environmental sustainability is embedded within the support provided to businesses.

The outline confirms a commitment to equal opportunities and provides some good information in respect of monitoring equality and diversity. More detail should be provided at full in terms of the practical measures that will be employed by the project to mitigate any emerging patterns of under-representation and to ensure equality of opportunity for all groups of beneficiaries.

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 proposal aims to drive business growth by promoting international trade and increasing export sales growth among SMEs across the 10 LEPs within the Midlands Engine geography. This outline proposal is also linked to 2 other outline proposals delivering similar activity within similar parameters across 10 LEP areas in the Northern Powerhouse geography and 8 LEP areas in the Southern region.

With the project providing subsidised support to specialist export services, the proposal fits well with the Operational Programme and investment priority 3 d. Current international trade projects deliver a wider range of services than is proposed in this outline and consideration of whether and how needs for such services will be met is advised.

The proposal is value for money on an economy, efficiency and effectiveness basis, in principle. The output targets however appear ambitious and clear evidence of demand and pipeline should accompany the full application. Also, further refining at a LEP level so as to reassure about achievability given local market conditions is needed.

Management and administration equate to 8% of the project value and given the complexity and resource-intensive nature of grants schemes, the applicant should justify this relatively modest resourcing.

The grants scheme is deliverable in principle, but robust evidence will need to be provided to support an operation of such scale and complexities. With no track record in administering ERDF, the applicant should also demonstrate their capability and capacity to deliver such a complex and large-scale operation in compliance with ERDF requirements. The financial viability rests on securing SME match, which further reinforces the need for strong evidence of SME demand.

Procurement lacks detail, other than the grant management function will be procured as part of the OJEU core DIT contract. Conditions are recommended below to ensure that this is addressed at full stage. The proposal to rely on GBER to address State Aid to the SMEs is appropriate and consistent with the activities and outputs to be delivered.

The cross-cutting themes are adequately addressed at this stage but more detail on the practical measures that will be implemented, particularly in respect of equal opportunities and including environmental sustainability as a dimension to the export-specialist SME support will be required at full.

ESF only, total score	
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Proposed Conditions

1 The full application to provide a rationale for why trade missions and such types of transnational activity have been excluded.

2 The full application to detail the client journey, delineating between core DIT support up to the point of the Export Action Plan and the ERDF-supported activity in implementing the action plan.

3 The applicant to provide clear evidence of demand for grant assistance at the levels proposed and for the purposes proposed across the LEP areas, together with a detailed SME engagement strategy.

4 Full application to ensure that no revenue costs which are shared with non-ERDF activity are included within the budget, in line with the Eligibility Guidance.

5 In addition to the milestones which need to be provided at full, the applicant should submit a detailed delivery plan for the first year.

6 The applicant to provide a business process map of the grants scheme administration, together with an indication of the suite of documentation that will be developed.

7 The full application to demonstrate that the guidance on management of categories of region will be implemented to attribute costs directly to transitional or more developed regions. Shared costs, such as time spent by the core project and grant fund management teams on activities which support all 3 multi-LEP programmes of activity should be excluded from the costs. In line with the Eligibility Guidance, notional apportionment is not eligible and only staff time which can be demonstrably attributed to this specific project should be included.

8 In addition to the procurement policy, the applicant to provide a procurement strategy which sets out the rationale for the preferred procurement approach.

9 The full application should fully explore any risks associated with combining the procurement of the ERDF-grants scheme management element with the DIT core activity and propose suitable mitigation measures to minimise these risks. The procurement strategy should state how the costs of the grant management scheme will be separately costed to the core DIT costs to enable the project to directly claim these costs in delivery. On the procurement undertaken by SMEs, some consideration as to how the principles of fairness, transparency and value for money will be observed, is recommended.

10. The full application to demonstrate how resource efficiency will be embedded in the business support offer in line with the call requirements.

11. The full application should use a flat intervention rate for each category of region, with no variations across quarters. These intervention rates should not exceed the maximum rates cited in the call for each category of region.

12. The full application to provide a breakdown of funding and outputs per LEP and per category of region.


13. The full application to include a justification for why a proportion of the SME match is being used to match management and administration costs and to set out how the risks associated with this approach will be managed.

14. The full application to clearly set out the aid intensity thresholds which will apply to the grants.

15. The full application should demonstrate how DIT will ensure the provider, through their procurement strategy, will cover the regional geography in line with the LEP area

split of outputs and expenditure contained in their application.

Part 4 Decision

4.1 Assessment			
Completed by: (Assessor)		Date:	
Reviewed by: (QA/Reviewer)	Anna Vinsen 	Date:	18 May 2018

4.2 Managing Authority assessment decision	
Progress	<input type="checkbox"/>
Progress with conditions	<input type="checkbox"/>
Reject:	
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"/>
Comment:	
Conditions	
1 progress subject to Due Diligence where appropriate	
2 If project involves income/revenue direct applicants to guidance/requirements/rules re NET Revenue	

3 Insert further conditions if necessary.

Name
(Approver)

Date: