

NW Objective 2 Programme 2000 – 2006

Application Pack

General Guidance

(April 2001)

Introduction

1. The NW Objective 2 Programme 2000 – 2006 has now been approved by the Commission. This pack has been put together so that all potential applicants (both old and new) for Action Plan Partnerships and individual projects know what they have to do.
2. The pack contains all the forms and guidance necessary for submitting bids. All the forms are intended to be electronic but some are still under preparation. It is the intention that all bids are submitted on electronic forms with a signed hard copy for audit purposes only. It is also the intention that Action Plan Partnerships will be asked to instruct applicants to use the interactive ERDF1 application form for individual projects within Action Plans.

THE DOCUMENTS IN THE PACK

The Single Programming Document (SPD)

3. The aims, objective and strategy of the NW Objective 2 Programme are outlined in the SPD. It contains a detailed review of current conditions in the Programme area, a strategic framework which identifies 3 priorities and 3 cross cutting themes, and outline management and implementation arrangements. The SPD acts as the legally binding agreement between the UK Government and the Commission.

Programme Complement

4. This provides a brief summary of the Objective 2 economic, social and environmental agenda, details of all 3 Priorities and an overview of the Programmes key values. The Programme Complement sets out in some detail what each Priority and Measure is about and the kinds of activities that can be funded. Priority One is all about Business and Ideas. Priority Two concerns People and Communities. Priority Three relates to Strategic Regional Investment. The three cross cutting themes of Equal Opportunities, Information Society and Sustainable Development are also covered in detail. Most Measures contain tables of financial allocations, target outputs, results and impacts.

Guidance for Action Plans

5. This is essential reading for potential Action Plan applicants. Decisions on Action Plan bids will be based on the criteria and advice contained in this note. It is based on DETR Action Plan Guidance Notes 1 and 2 from the 1997-99 Objective 2 programme but updated to reflect particular requirements of the 2000-2006 Programme. The DETR guidelines are currently being reviewed and changes may be made to the guidance after the review has been completed. Separate guidance has been prepared for Priority 3.

EDZ Guidance Notes

6. These notes are a condensed version of the Programme Complement for Priority 3 and highlight some of the main points to note in making a bid for EDZ.

Project Selection Criteria

7. It is the intention of the PM/RC that most individual project applications, even retrospective ones, will be considered under the Action Plan arrangements. The document provides details on what is required, about completeness checks, and the criteria for eligibility, gateway and the scoring including the associated forms.

Retrospection

8. The time taken in preparing the SPD and obtaining its approval from the Commission has led to unavoidable delays in the launch of the Programme. To compensate for this the Regulations allow for some retrospection of eligible expenditure back to 1 January 2000. This applies only to projects coming forward under the first available bidding round. The note provides guidance on eligibility and additionality.

Timetable

9. There will be 3 meetings of the decision making committees each year. They are likely to be at 4 monthly intervals but this has yet to be decided. The timetable shows the various meetings and deadlines up to the end of September. It will be updated as more dates are confirmed.

The forms

10. All the forms will be interactive electronic forms based either on Microsoft Access or Excel. There are still some bugs to be smoothed out and temporary versions of the forms have been put on the web site. The permanent versions should be used as soon as they become available and have been posted on the web site. Runtime versions of the forms will negate the need for applicants to have software licences. All versions of the posted forms will be acceptable.

GONW Guidance Notes Series

11. GONW have produced a series of information/guidance notes which we hope you will find helpful. The notes have been drawn up to help applicants through the processes of putting together and completing a successful application. The aim is to answer the most frequently asked questions and to draw attention to the areas of the process where applicants often misunderstand what is required. The following notes have been produced:

Note 2	ERDF Eligible Activities and Expenditure
Note 3	ERDF Grant Rates
Note 4	ERDF Private Sector Infrastructure Projects
Note 5	In-kind Contributions
Note 6	State Aids
Note 7	ERDF Glossary of Terms

DELIVERY MECHANISMS

Introduction

12. Discussion and debate within the Partnership has led strongly to the conclusion that, as in the last GMLC Programme, bidding should be predominantly plan-based with a strong presumption in favour of Accountable Body Action Plans. Individual projects may be considered when they cannot fit logically within a local or thematic action plan or are regional in scope (eg Measure 1.3).

Priority One: Business And Ideas

13. Measures 1.1, 1.2 and 1.4 lend themselves to a plan-based approach at local or thematic level. In contrast, Measure 1.3 is likely only to be effective at a regional level and will probably need to be led by the NWDA. Measure 1.5 is more complex in nature, a plan based approach might revolve around regional or sub-regional structures to ensure linkages with other measures in the priority
14. The duration for first round approvals for revenue projects should be to the end of 2003 (the programme mid-point) with the interim evaluation used to review progress and recommend any changes to the Priority.

Priority Two: People And Communities

15. By its nature, Priority 2 should be centred on a plan-based approach with per capita allocations triggered provided plans reach a minimum quality threshold. Performance could be taken into account later in the programme in the distribution of any Performance Reserve and the need to manage auto-decommitment.
16. Allocations will be applied at Priority rather than measure level, but there will need to be reconciliation by the Secretariat to ensure that all measures are spending and that the expenditure profile is consistent with the financial tables. The intention will be to avoid re-allocations in the early years, and to work to ensure that all measures are taken up by the local partnerships. It will be important to maintain the balance of activities and not gravitate to easy spend areas.
17. The duration of approvals for revenue projects should be to the end of 2003, at which point there will be a fundamental review of progress and the overall approach.

Priority Three: Strategic Regional Investment

18. An Accountable-Body Action Plan approach is strongly preferred in this priority, and the allocation of funding will be based on regional competition, although the Priority is designed to ensure that there is scope for all parts of the region to benefit. The expectation is that there will be EDZs in all Counties.
19. There will be a two-stage process for selecting EDZs including an Expressions of Interest stage which will commence on programme launch. The purpose of this will be to encourage quality applications while not ruling any bids out. At the same time it could help avoid nugatory expenditure (given the likely scale of development costs for EDZs), as well as helping to inform financial budgeting for the Priority.
20. Consultants will be commissioned to carry out detailed appraisal. Their role will be advisory, not decision-making. The purpose of the consultants is to bring independence to the appraisal process, and assess the credibility of proposals. This is likely to centre on the likelihood of projects being delivered and the targets realised, and on ensuring quality and economic impact.
21. There will be an opportunity in 2001 for individual project bids under Measure 3.3 to cover revenue support aimed at embedding the benefits of previous investment consistent with the criteria set out in the SPD.

THE APPRAISAL PROCESS FOR ACTION PLANS AND PROJECTS

Bidding rounds

22. Following the first bidding round, applications for funding will be accepted on a rolling basis to expedite the appraisal process and facilitate swift decision making. The decision-making bodies will meet three times a year to approve plans/projects. Early receipt of applications under this open bidding round process will help ensure that any incomplete applications, or those where weaknesses are perceived, are identified at an early stage. This would give sponsors greater confidence in meeting the next available decision making round.
23. In the majority of cases the time from receipt of completed bids to final decision is expected to be a maximum of 12 weeks. The duration of approvals will be kept under review and the Secretariat will use best endeavours to minimise delays. Early discussion/submission of bids with EPS will help reduce timescales.

The Appraisal Process

24. Once a plan or project application has been received by the European Programme Secretariat (EPS) it will be subject to rigorous appraisal against

the relevant appraisal criteria for Action Plans or projects. The criteria are separate documents and form part of the application pack.

25. Major projects whose eligible costs exceed 50 million euro are required by regulations to be notified in advance to the Commission and a full cost benefit analysis undertaken by independent consultants, consistent with Article 26. The Commission will carry out appraisal of major projects.
26. The appraisal of Action Plans and the limited number of projects which do not form part of Action Plans will be undertaken by EPS, relying on external advice as necessary, and on the basis of which a recommendation will be made to the appropriate decision-making body (see below). The appraisal of projects above delegated thresholds within approved Action Plans will also be scrutinised by EPS, who will have delegated authority to give the go-ahead to Action Plan partnerships to approve such projects.

The Role of Consultative Forums

27. A key issue for plan and project appraisal is to ensure fit with relevant regional/sub-regional strategies and that essential consultation has taken place in the development of the plan/project. In order to facilitate timely decision-making, there is a strong preference for appropriate consultation to take place prior to the submission of bids. EPS intends to draw up and make available a list of organisations, which should be consulted, for various types of proposals (e.g. SBS, LLSCs, BTI and regional Export Forum, Innovation Board). EPS will need to discuss the nature of the consultation with these organisations. Their views would form part of the applications and subsequent appraisal. Such consultation is not expected to be onerous, but to formalise standard practice. Where bodies representing relevant interests (eg SBS) are formally part of a Plan partnership, they would not need to be consulted separately.

The Role of External Advisers

28. EPS is nonetheless, likely to need to call on expert advice in the appraisal of more complex/novel bids. A critical concern is to ensure that the rigour of the appraisal process is proportionate to the scale of the application. The extent to which such advice is formally built into the decision-making process will clearly influence appraisal timescales.
29. The intention during the first bidding round is to establish a pool of nominated experts on which EPS can call (eg on Cross Cutting Themes). Guidance is currently being prepared on the nature of this role which will need to separate clearly the role of "experts" in informing appraisal from the selection of plans/projects themselves. The role of experts will be kept under review, and consideration will need to be given in due course to the role of other groups (eg Cross Cutting Theme Advisory Groups and Cross Cutting Theme Champions) in informing appraisal.

The Selection Process

30. A flowchart is attached illustrating the proposed selection process for first round bids. This envisages the Programme Advisory Group (PAG) advising the PM/RC on the regional coherence of overall plan/project applications and on delivery against programme/priority objectives.
31. PAG will make recommendations to the County Working Groups (CWGs) for projects below £3m ERDF grant, which CWGs would be empowered to recommend for approval. CWGs will also be invited to submit recommendations to the PM/RC for projects above the delegated threshold as well as Plans and projects with a regional focus. Responsibility for recommending for approval all plans, projects above £3m ERDF grant and those with a regional focus will rest with the PM/RC.

Fully Eligible and Transitional Areas

32. Plans or projects may span both Fully Eligible and Transitional Areas. These will not be required to make separate applications, but will need to distinguish in the application (and subsequent monitoring returns) between project spend and outputs in both areas.

Objective 2 and 3 Linkages

33. The SPD recognises that Objective 3 will be a key additional element in the effectiveness of Objective 2. Objective 3 will address the human resource development requirements of Objective 2. Management processes will be brought into line to optimise synergies between the two programmes, whilst recognising that Objective 3 covers the entire region (except Merseyside). Plans/projects, which maximises linkages with Objective 3, will be rewarded in the assessment/scoring criteria.

34. **CONTACTS**

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35. If you have any questions about any of this guidance note, other parts of the application pack or anything European, please do not hesitate to call or email any of the Secretariat contacts.

