



REGIONAL GROWTH FUND

Application Form Guidance

Department for Business, Innovation and Skills
Department for Communities and Local
Government
HM Treasury
Department for Transport
Department for Food, Environment And Rural
Affairs

BIS | Department for Business
Innovation & Skills



HM TREASURY

Department for
Transport



Regional Growth Fund Application Form Guidance

This document provides specific guidance about how to complete the application form for Regional Growth Fund (RGF) support.

The application form is in two parts. Part 1 contains 30 questions related to the project or package of projects. Part 2 is an Excel spreadsheet for the key financial information.

The RGF will be specifically targeted at private sector led projects supporting areas currently dependent on the public sector.

We consulted on the aims and design of the Fund and allowed a period for comments and feedback on the application and appraisal documentation. This is the final version of this Guidance and takes into account feedback we received on the form.

Please read these guidance notes carefully when completing the form to ensure you include the full set of information required. References to the expressions of interest stage apply only to the second bidding round onwards.

Section A

This section of the application form is designed to identify private and public sector partners involved in the project and seeks basic information about the nature of the project.

- Q1 The title should describe the main objectives of the project.
- Q2 Please provide the full post code for the location where the investment will be made. If the project impacts more than one location, please provide all applicable post codes, adding a brief explanation of which activities/investments will occur at which locations.

If the nature of the project means that it is not confined to specific post codes e.g. transport or communications infrastructure projects, please identify the first part of the post code only, or identify the local authority district(s).

- Q3 RGF projects must stimulate sustainable private sector activity – meaning that RGF support must result in goods or services being offered to the market. This may be as a result of new activity or the expansion or enhancement of existing activity.

Part (a) of this question should refer to goods and services directly offered to the market by a project partner as a result of the investment e.g. a new product offered to the market as a result of a new manufacturing plant.

Where a bid is seeking support for an investment which will not result in a good or service being offered to the market directly (e.g. public sector infrastructure such as a road junction or land remediation), part (a) should only be answered if the investment

will enable or unlock specific private sector economic activity of a project partner e.g. a transport improvement which unlocks employment land for a business park developer.

In cases where an investment will not result in a goods or services being offered to the market through the private sector economic activity of a project partner, then part (a) should be marked N/A, and only part (b) should be completed.

Projects that involve investments that cannot demonstrate they will deliver sustainable private sector economic activity are not considered a priority for support under RGF.

Where a project involves more than one private sector entity - or where a project will result in more than one type of good or service being offered to the market - the applicant should separately identify the full range of goods and services affected.

Please also use the Standard Industrial Classification (SIC) to identify the sector of goods or services offered to the market:

http://www.statistics.gov.uk/methods_quality/sic/downloads/sic2007explanatorynotes.pdf

- Q4 This is an opportunity to convey the nature and characteristics of the investment project. In part (a), applicants should describe the main project activities, identifying which project partners are involved at each stage.

This description of project activities should start from commencement of the investment and run through to project completion - and ultimately offering a good or service to the market.

Capital Investment Expenditure for these activities should be included in Part 2, Section C of the application form.

If the recipient of the RGF support is a private sector undertaking the support must be compatible with State aid law. In this case the amount of support must be compared with the projects "eligible costs" – expenditure by private sector beneficiaries of the project. The 'Information for applicants' document sets out the main State aid provisions related to Regional and SME investment aid, R&D support and Training aid.

Part (b) is an opportunity to describe any further activities which may be expected to be carried out as a result of the project going ahead. As much information as possible should be provided here about the activities identified, the party(ies) involved and likelihood of them going ahead with and without the project.

- Q5 The objectives of the RGF are to:

- (a) stimulate enterprise by providing support for projects and programmes with significant potential for economic growth and create additional sustainable private sector employment; and
- (b) support in particular those areas and communities that are currently dependent on the public sector to make the transition to sustainable private sector led growth and prosperity.

With reference to the first objective, applicants should identify how the activities and impacts associated with the project contribute to economic growth and the creation (or

safeguarding) of sustainable private sector employment. Where a bid is seeking support for an investment which will not result in a good or service being offered to the market directly (e.g. a road junction, land remediation) the response should relate to the specific business economic activity that will be unlocked by the investment (e.g. information from the developer's business plan for a business park project unlocked by RGF supported land remediation).

The following is a non-exhaustive list of potential impacts upon economic growth that applicants may refer to;

- Employment of otherwise unemployed (labour and capital) resources;
- Productivity enhancements;
- Research, development and innovative activity;
- Upskilling of the workforce; or
- Any other impacts which increase the value of economic activity, from both a national and local perspective.

With reference to the second objective, applicants should describe, citing available evidence (see metrics in 'Information for applicants' document), the extent of public sector reliance in the project locale and describe how they believe their project will help the area transition to a more private sector led economy.

- Q6 This will be the direct recipient of RGF funding. If the application involves support paid directly to more than one entity, please identify these separately. Clearly identify the parent company if the recipient will be a private sector undertaking.

The most common options for identifying the legal status of recipients are as follows:

- (a) Company;
- (b) Sole proprietor;
- (c) Partnership;
- (d) Public corporation/nationalised body;
- (e) Local authority; or
- (f) Non-profit body.

For more complex projects, the following HMT guidance provides advice on defining the legal status:

http://www.hm-treasury.gov.uk/d/classification_sector.pdf

In identifying the SME status of a recipient of funds, please use the definition of SME found in Annex I of the 'Information for applicants' document.

- Q7 This question is an opportunity to identify any other (private or public) project partners that will not be direct recipients of HMG support, but will play some role in delivering the project.

- Q8 The response to this question should provide clarity on how the project will be funded. All sources of funding for the investment should be identified - covering the total investment requirements for the project.

Private sector funding listed must relate to expenditure that will be spent on achieving the outcomes of the project in question. Any private sector funding that is labelled as

match-funding (i.e. is conditional on public sector investment through the regional growth fund) must also demonstrate that the funding would not materialise without public support (i.e. is additional).

Similarly, all public sector funding related to the project should be clearly identified. This includes any planned application for European match funding (e.g. ERDF) or expected national and sub-national funding. The applicant should provide details of the public body making the award and the name of the scheme.

For all sources of funding applicants should indicate whether the funding is confirmed, and if so the terms of this arrangement. Where funding has not been confirmed this should be made clear along with an indication of the state of negotiations and expected terms.

Applications at the expressions of interest stage should provide a quantitative response to this question.

Section B

In order to maximise the impact of the Regional Growth Fund, Government support should be restricted to those instances where the market cannot, or will not fully or in-part, bring an investment forward in the absence of public support. This section will establish a rationale for Government support by enabling us to understand whether and why the project would not otherwise go ahead as proposed.

Q9 The purpose of this question is to understand what would happen in the absence of RGF support. The applicant may use the following list to guide their response to this question;

In the absence of RGF support, the project as proposed will:

- Go ahead anyway without public support;
- Go ahead with other public support (please specify which other type of public support);
- Be abandoned;
- Go ahead outside of the UK;
- Go ahead in another part of the UK;
- Go ahead on a reduced scale (please specify the nature of the reduction in scale);
- Go ahead on a slower timescale (please specify the length of the delay);
- Some combination of the above.

The applicant should elaborate upon this response and give a (qualitative) commercial justification for their response to this question. The response to this question should refer to relevant financial metrics/thresholds for the project as proposed, and draw comparisons with the alternative course of action identified above.

Where applicants are comfortable with the notion of market failure, they may wish to make reference to market failure arguments and supporting evidence. The HM Treasury Green Book provides guidance on the assessment of the rationale for public intervention (chapter 3):

http://www.hm-treasury.gov.uk/d/green_book_complete.pdf.

More detailed guidance on assessing market failure is provided at:

[http://www.hm-treasury.gov.uk/d/2\(6\).pdf](http://www.hm-treasury.gov.uk/d/2(6).pdf)

Finally, the applicant should confirm that the project for which RGF support is sought has not already commenced or, if the project has commenced, that (i) the project has stalled and it will not be restarted without RGF support, or (ii) RGF support will allow the scope of the project to be expanded in a way that will deliver additional benefits in line with the objectives of the fund.

Q10 RGF support is provided as assistance of last resort. In theory this means that all other sources of funding (including other public sector funding) should be exhausted before an RGF application is made. In practice a “package” of public funding that

includes an element of RGF may be co-ordinated according to the specific needs of the applicant.

Applicants should identify any alternative options for bringing the project forward. These alternatives may involve alternative sources of public funding, non-financial solutions involving the public sector (e.g. co-ordinating activities) or an entirely private sector solution (e.g. collaboration or joint venture).

The applicant should explain why the RGF is the preferred vehicle for supporting the scheme and, where applicable, confirm that any alternative form of public support is considered inferior or less viable.

Q11 The Government has a responsibility to ensure the best possible value for money for the taxpayer; consequently, it is important for HMG to be able to identify the minimum amount of support that would be required to bring forward the project as described.

It is also in the interests of applicants to identify the minimum amount of support required in order to maximise the probability of success of their application. This is because, all other aspects of the projects being equal, the project which requires a lower amount of public support will represent better value for money to the taxpayer, and as such, is more likely to receive support.

The applicant should make a quantitative assessment of the minimum amount of support required to bring forward the project as proposed. This calculation should be driven by financial analysis of the project, with reference to any relevant alternative investment options. The applicant's calculations should be clear and supported by a commentary on key assumptions and factors (e.g. overdraft limits, alternative location costs, gearing etc). Any supporting documentation, market data or analysis that substantiates this assessment should be provided.

Please note that once an offer of support has been accepted, no allowance can be given for any subsequent increase in overall project costs.

Applicants should specify, with justification, the type of financial instrument that is considered most appropriate (e.g. grant, loan, loan guarantee), and their preferred timing/profile of this support by year (or quarter if available).

Where it is proposed that more than one entity will be a direct recipient of RGF support as part of a project, separate analysis should be submitted for each recipient to justify the minimum level of support required.

Section C

The Regional Growth Fund seeks to encourage sustainable private sector-led growth. This section will develop Government's understanding of the market context for the investment, and the likelihood that it will be deliverable and sustainable over the long term.

Questions 12-15 make reference to goods and services identified in Question 3. Where more than one good or service has been identified, the following questions should be answered separately for each good/service.

Q12 The answer to this question should refer to the answer provided to part (a) of Question 3.

In cases where an intermediate investment will not result in a good or service being offered to market through the private sector economic activity of a project partner, then it might not be appropriate to complete this question.

Analysis of project financial summaries is an important aspect of ensuring that RGF support is focussed on truly sustainable projects. Applicants should refer to the pro-forma and guidance in Part 2, Section A of the application form.

The timeframe for financial analysis should be tailored to the expected economic life (the period over which an asset competitively produces a good or service of value) of the project – this should be driven by considerations of the product lifecycle and economic life of project assets.

Where the project is expected to have a long and stable economic life, it is acceptable to include a terminal year value (the value of all cash flows after the terminal year) – and the reasons for this should be recorded within the financial notes. In the case of infrastructure improvements where the expected economic life of the activity directly unlocked may be less than the asset life itself the financial analysis should be tailored to the activity directly unlocked, as that will ensure comparable appraisal with other projects. In addition, bidders may choose to provide analysis based on the full economic life of the asset itself, where this is relevant and will support their bid.

Please note that the appropriate financial appraisal period may be longer or shorter than the ten year default provided in the pro-forma.

Financial forecasting is inherently prone to uncertainty – recognising this uncertainty, applicants are asked to identify both a base case and a downside scenario.

The base case scenario should represent the applicant's expected (i.e. most likely) outcome. The downside scenario should flex one or more key forecasting assumptions, such as project timing, market share/sales volumes and input costs/profit margins.

Clearly, there are numerous possible outcomes from the project. In applying probabilities to the base case and downside scenarios, applicants are asked to assume a simplified state of the world where there are only two possible outcomes – as such, the probabilities attributed to these two outcomes should sum to 100%.

The applicant should use accounting notes to detail key assumptions that underpin these financial forecasts – and in particular to provide a narrative of key assumptions that have been flexed to generate the downside scenario.

Figures should be stated in 2010 prices.

For Questions 13-15, the answers to each part (a) should refer to the market for the same goods and/or services identified in question 3(a). The answers to each part (b) should refer to the market for the same goods and/or services identified in question 3(b).

Q13 For each good or service identified, the applicant should make use of supporting quantitative and qualitative evidence to define the relevant market (in terms of product and geography) and identify:

- the size of the market in terms of both value and volume;
- typical profit margins for market participants; and
- key market participants and their locations (competitors).

Q14 The information provided for Questions 14 and 15 is intended to inform analysis to determine the sustainability of the jobs which will be created and safeguarded by the project/project packages. Applicants should make this case as clear as possible using factual supporting information as far as possible

For each good or service identified, the applicant should provide a narrative as to how they expect the market to change through time – with reference to the characteristics set out in Q13.

Where possible these market expectations should make reference to changes in key supply and demand parameters, making use of independent and quantitative evidence where possible.

Q15 For each good or service identified, the applicant should identify the current market share before commencement of the project and describe how this is expected to change through time with commencement of the project. This should be accompanied with a clear commercial narrative about how any changes in market share will be achieved.

Q16 HMG is interested in any threats to the timely and successful delivery of the project – the response to this question should follow a similar form to a project risk register:

- Description of the risk/constraint/dependency;
- Risk owner;
- Measures put in place to manage or mitigate the risk;
- Post-mitigation likelihood of risk occurring; and
- Post-mitigation impact of risk (if realised) on the project.

In particular applicants should outline any planning consents or other public sector funding upon which the project is contingent and the risks of this not being fulfilled. In the case of planning consents, the applicant should describe the stage at which the planning application is currently, the expected timescale for resolution and any particular risks associated with this process.

Applicants should also provide any additional evidence that demonstrates their experience in delivering similar projects and their capacity and capability to deliver the current project (c.f. Q18).

With regard to investments which unlock/enable economic activity and indirectly result in goods or services being offered to market, applicants should provide the information described above, both for the project to be directly funded by the RGF as well as the economic activity unlocked by the investment. For example in the case of infrastructure projects, applicants should also record any significant risks associated with the delivery of infrastructure improvements on which the private sector activity depends.

Q17 When answering this question think about any links with other initiatives or related activities taking place in the area, or by key partners and the realistic economic prospects of the area.

As part of this you may refer to:

- a. support from the wider community, local authority, local enterprise partnership and/or local planning authority – if your bid does not take the form of a formal partnership with a local authority or local enterprise partnership please specify whether you have contacted any such public body in the preparation of your bid and refer to any resulting support or otherwise;
- b. synergies with other projects or initiatives going ahead in the area, either public or private;
- c. an economic vision for the area, as agreed by the local authority or local enterprise partnership, or key local policies; and
- d. the socio-economic characteristics of the locality and how the project relates to them. This may include: specific reference to comparative advantage; specialist skills or infrastructure which support the project; or barriers to growth which the project may address, such as congestion or a skills shortfall.

With regard to investments which unlock/enable economic activity and indirectly result in goods or services being offered to market, applicants should provide the information described above, both for the project to be directly funded by the RGF as well as the economic activity unlocked by the investment.

Q18 Please include brief CVs of no more than two pages, pasted into text of application form.

Q19 With reference to the partners identified in Q7 describe who will be responsible for any liabilities associated with the project.

Q20 RGF must be in compliance with European State aid rules. The Commission may order any aid which is outside of the rules to be repaid with interest. The State aid rules were put in place to protect the single market by ensuring that state resources do not distort competition or give an unfair advantage. State aid is considered to be any support given by a Member State to an undertaking which favours particular sector(s) or undertaking(s) and threatens to distort competition and affect trade in the European Union. There are four tests – all of which must be met - for State aid to be present:

- Aid is granted by a Member State or through a State resource;
- The aid favours certain undertakings or production of certain goods;
- It is aid which distorts or threatens to distort competition; and
- The aid affects trade between Member States.

State aid is generally prohibited by the Treaty, but may be permitted by the European Commission in some circumstances and there are some exemptions set out in a series of regulations. There are two broad approaches to ensuring compliance with the State aid rules.

- (a) The first approach relates to intervention that is classified as a non-aid measure because it is deemed not to meet one of the requirements of aid in Article 107 of the Treaty. For example, when a public authority invests on commercial terms this should not provide an advantage to an undertaking. This is because it could have obtained the same financing or investment from the market - the Market Economy Investor Principle requires that the public sector behaves like a rational market actor. This might include the provision of loans or loan guarantees to a private entity at a market rate and terms, or the provision of facilities or services to the private sector on commercial terms. In instances where there is partnership between the public and private sector, it is required that the public sector shares proportionately in the upsides and risks of investment.

The Fund may also navigate State aid requirements if the intervention does not favour a specific private entity or entities at any level. This could apply to general infrastructure investment by the public sector that is of general benefit. However, analysis would need to be provided to substantiate exemption from State aid regulations.

- (b) The second approach is to provide State aid which is compatible with the Treaty, i.e. provided on terms that are consistent with the limits set out within a Block Exemption Regulation or approved individually by the European Commission.

The Regional Growth Fund will be notified as a scheme under the EC General Block Exemption Regulation. This regulation makes a number of specific provisions and dictates the terms of intervention:

http://ec.europa.eu/competition/state_aid/reform/gber_final_en.pdf

The applicant must demonstrate that they have adequately considered the issue of State aid and describe how their proposal (and the proposed level of HMG support) is compliant with the limits and conditions set out within the Block Exemption Regulation. This is not a requirement for a detailed or final assessment, but the applicant should demonstrate that the proposed form and level of support is deliverable. Final decisions on compliance with State aid rules will be made by the BIS appraisal team.

BIS State aid Guide:

<http://www.bis.gov.uk/assets/biscore/business-law/docs/s/10-1190-state-aid-guide.pdf> European Commission State aid overview;

http://ec.europa.eu/competition/state_aid/studies_reports/vademecum_on_rules_09_2008_en.pdf

UK Assisted Areas:

<http://stats.bis.gov.uk/regional-aa/aa2007.asp>

<http://www.bis.gov.uk/assets/biscore/regional/images/assisted-areas-aid-ceilings-2007-2013-updated-aug-10.tif>

- Q21 Whilst applicants are not limited in the number of bids they can make to the RGF, applicants are encouraged to focus on submitting thorough and high quality bids.

However, where an applicant submits (or intends to submit) more than one bid it is important for HMG to understand where separate bids involving the same entity (either as a direct support recipient or a project partner) are considered mutually exclusive.

- Q22 Please give a description of the support, including the public sector body providing the support, the amount of monetary support given or proposed and in what form, and the purpose of the support. The response to this question should capture total public sector investment; therefore, any wider public sector investment in other projects which help deliver the benefits of the project identified in Section D should also be quoted.
- Q23 Include dates, the public sector body applied to, the amount of monetary support applied for, the purpose of the support and the outcome of the application.

Section D

In order to ensure good value for money for the taxpayer, it is important that the additional economic benefits associated with supporting a project exceed the costs of Government support. This section seeks to identify and characterise the full range of economic costs and benefits associated with the intervention.

Q24 If employment impacts (both direct and indirect) are expected to occur in more than one local authority district, recognising that impacts could occur in areas which are not near to the project location, please use the format below, or similar, to show the estimated approximate spread of impacts. The location should refer to the workplace not the place of residence. If possible, please set out as part of your answer where specific impacts will fall.

In order for jobs created to be assessed against the second objective of the fund (to support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector led growth and prosperity) it will be necessary for applicants to set out where specific impacts will fall.

Area	Approximate proportion of employment impacts
<i>e.g. Local Authority District A</i>	60%
<i>e.g. Local Authority District B</i>	20%
<i>Unknown Districts elsewhere in England</i>	10%
<i>Outside England</i>	10%
<i>Total</i>	100%

Please note, for the purposes of assessing reliance on public sector employment, “Unknown districts elsewhere in England” data will be treated as the national average for England. Employment impacts outside England will not be included in the analysis.

Q25 Please refer to the pro-forma and guidance in Part 2, Section B of the application form. Analysis of job impacts should relate to full-time jobs and full-time equivalents only, where;

- Full-time job (FT) = 30 hours or more per week;
- Part-time job (PT) = more than 15 hours, but fewer than 30 hours per week;
- Two part-time jobs of 15-29 hours per week = one full-time equivalent (FTE).

Jobs created and jobs safeguarded must be listed separately. Where direct employment impacts occur away from the main project location (e.g. field sales posts) this should be identified in the Notes column.

Job Title – for each distinct type of job created or safeguarded, the applicant should make an entry in a separate line in the table.

NVQ Qualification Level – this should relate to the required skill level in order to fulfil the requirements of the job. NVQ levels are used as a common metric for expressing

the skill level associated with a particular job. Guidance on classification can be found in Part 2, Section D of the application form

Salary – this should be the gross annual basic salary (excluding any overtime, commission, expenses, bonus and shift pay and excluding employer contributions), stated in 2010 prices.

Direct Jobs – direct jobs are those employed directly as a result of the investment by a project partner. Employment milestones that trigger payment of support will be derived from the assessment of direct jobs. This may include temporary jobs e.g. in construction, which should be clearly identified in the pro-forma with an indication of the period over which these jobs will be effective.

Indirect Jobs - indirect jobs are those individuals employed as a result of the investment project by some other entity, not identified as a project partner. Indirect jobs will not be used to establish employment milestones. Indirect jobs include employment impacts within the supply chain or as a result of the wider economic benefits unlocked by the investment (such as infrastructure).

Indirect jobs will be particularly relevant for investments, such as infrastructure investment in housing or transport, for which the applicant should refer to the private sector growth and employment impacts which the project is expected to unlock, and specify how they are expected to be unlocked.

Jobs Created – these are new jobs that will be created as a direct result of the investment project (and would not be created if the project did not go ahead). This may include temporary jobs e.g. in construction, which should be clearly identified in the pro-forma with an indication of the period over which these jobs will be effective.

Jobs Safeguarded – these are jobs that will be maintained as a result of the investment project and this should be substantiated by your response to question 9. Jobs can only be considered safeguarded where there is real threat that they will be lost in the near future if the project does not proceed. Jobs created/safeguarded (even where these have the same job title) should be entered on separate lines.

To allow valuation of both direct and indirect impacts, applicants should include distributional impacts of employment created/safeguarded – for example, jobs likely to be taken up by individuals who would otherwise be unemployed, jobs taken up by residents of deprived areas. Supporting evidence should be used to substantiate these expected impacts e.g. accessibility/proximity to deprived neighbourhoods, skill level of jobs created/safeguarded, co-working with voluntary and community sector (VCS) groups.

Evidence and guidance on how transport improvements can contribute to economic growth is available at:

<http://www.dft.gov.uk/webtag/>

<http://webarchive.nationalarchives.gov.uk/+http://www.dft.gov.uk/pgr/economics/rdg/wbia/webmethodology/sportwidereconomicbenefi3137.pdf>

Guidance on employment densities associated with different types of property use;
<http://www.homesandcommunities.co.uk/public/documents/Employ-Den.pdf>

Applicants are likely to have less detailed information in relation to indirect employment impacts, but are encouraged to submit information where they can do so robustly. If sufficient information is known then indirect jobs should be detailed in the pro-forma in Part 2, Section B, specifying clearly that they are indirect jobs.

Q26 The applicant should provide a detailed qualitative description of the research and development activities that will be undertaken. These are activities that would not otherwise be pursued in the UK if the investment project did not go ahead.

This description should cover the following points:

- Key activities and inputs (e.g. personnel and equipment, internal/out-sourcing);
- A description of the end output;
- The location of activities being undertaken;
- Description of any co-funding or co-working arrangements (e.g. SMEs, HE institutions, supply chain, sector peers);
- The mechanism for dissemination of findings (e.g. plans to make research findings available via open-access repositories/software) and incentives for dissemination;
- Barriers to dissemination, including likely use of patenting for R&D outputs and UK capacity to absorb these technologies;
- What is the level of risk associated with the activities i.e. risk of not meeting technical objectives? Will useful knowledge be gained even where technical objectives are not met?
- Does the project use novel technologies? Do the activities offer the potential for path-breaking or proof of concept benefits? and
- Possible (profitable) applications in other sectors – including an indication of the economic advantage of adopting these technologies, and the likelihood that the market would facilitate this technology transfer.

The applicant should identify which of the following categories best describes their research and development activities:

- (a) **‘fundamental research’** – experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct practical application or use in view;
- (b) **‘industrial research’** – the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components of complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes;
- (c) **‘experimental development’** – the acquiring, combining, shaping and using of existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services. These may also include, for example, other activities aiming at the conceptual definition, planning and documentation of new products, processes and services. The activities may

comprise producing drafts, drawings, plans and other documentation, provided that they are not intended for commercial use;

- (d) **‘product development’** – research activity to underpin the incremental modification, enhancement or upgrading of an existing product.

The applicant should also populate the R&D expenditure pro-forma in Part 2, Section C of the application form.

Annex B of the “Information for applicants paper” describes what expenditure can be considered an “eligible cost” with respect to State aid to a private sector undertaking.

- Q27 The applicant should provide a description of skills and training provision that will be undertaken. These are activities that would not otherwise be pursued if the investment project did not go ahead.

This description should cover the following points:

- The location of activities being undertaken;
- Types of qualifications and training provided;
- Level of qualifications and training provided;
- Number of qualifications and training courses provided;
- Number of apprenticeships and description of apprentice activities; and
- Historic/expected staff turnover rate.

The applicant should identify which of the following categories best describes their training activities:

- (a) **‘specific training’** – training involving tuition directly and principally applicable to the employee's present or future position in the company and providing qualifications which are not or only to a limited extent transferable to other firms or fields of work;
- (b) **‘general training’** – training involving tuition which is not applicable only or principally to the employee's present or future position in the company, but which provides qualifications that are largely transferable to other firms or fields of work and thereby substantially improve the employability of the employee. Training shall be considered ‘general’ if, for example:
- it is jointly organised by different independent enterprises, or if employees of different enterprises may avail themselves of the training;
 - it is recognised, certified or validated by public authorities or bodies or by other bodies or institutions on which a Member State or the Community has conferred the necessary powers.

The applicant should also populate the skills and training expenditure pro-forma at in Part 2, Section C of the application form. Where more than one recipient of support has been identified, the Notes column should be used to identify which entity will be incurring the expenditure.

Annex B of the “Information for applicants” document describes what expenditure can be considered an “eligible cost” with respect to State aid to a private sector undertaking.

Q28 The core objectives of RGF are around stimulating economic growth through private sector investment and employment creation particularly supporting areas currently dependent on the public sector. However, projects may deliver wider impacts (including economic, social and environmental) that lie outside of these core objectives.

This question provides applicants with an opportunity to report any other type of impact associated with the project. Applicants should provide supporting data and information that will help HMG analysts (drawn from relevant government departments) to characterise, and where possible quantify or monetise these impacts. Where impacts can be attached to specific areas, the location of impacts should be included.

Guidance on the identification of regeneration, renewal and regional development impacts;

<http://www.communities.gov.uk/documents/corporate/pdf/146865.pdf>

Guidance on employment densities associated with different types of property use;

<http://www.homesandcommunities.co.uk/public/documents/Employ-Den.pdf>

Guidance on the identification of environmental impacts;

<http://www.defra.gov.uk/corporate/policy/guidance/env-impact/index.htm>

Where applicants are claiming transport impacts, these should be supported by a completed Appraisal Summary Table (AST) and a summary of the assumptions and evidence that have been used to populate it. Guidance on the identification and estimation of transport infrastructure impacts; and completion of the AST can be found at:

<http://www.dft.gov.uk/webtag/documents/index.php>

The robustness of the modelling and analysis supporting the assessment of transport impacts should be proportionate to the size of bid. We do not prescribe specific modelling approaches, but it will be the applicant's responsibility to provide to our satisfaction a clear demonstration of the transport related impacts. Whilst applicants are not required to provide full technical details (e.g. description of the model, validation report) as part of the application, HMG analysts may request relevant material to inform the assessment of the bid.

Link to the Green Book;

http://www.hm-treasury.gov.uk/d/green_book_complete.pdf.

Q29 Where a 'package' bid is proposed that combines a number of discrete investment projects, it is important to understand whether there are synergies between the projects that mean that the impact of executing them collectively exceeds the impact

of the individual parts. The applicant should describe the additional value of executing the package collectively, providing supporting quantitative evidence where possible.

Section E

Q30 In order to comply with the Equality Act 2010 it is required that we monitor any disproportionate impacts the Regional Growth Fund has on protected groups.

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