

2014 to 2020 European Structural and Investment  
Funds Growth Programme

Call for Proposals  
European Regional Development Fund

Priority Axis 6: Preserving and Protecting  
the Environment and Promoting Resource  
Efficiency

|                                             |                                                                                                                                    |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>Managing Authority:</b>                  | <b>Department for Communities and Local Government</b>                                                                             |
| <b>Fund:</b>                                | <b>European Regional Development Fund</b>                                                                                          |
| <b>Priority Axis:</b>                       | <b>Priority Axis 6: Preserving and Protecting the Environment and Promoting Resource Efficiency</b>                                |
| <b>Call Reference:</b>                      | <b>OC14R16P 0464</b>                                                                                                               |
| <b>Local Enterprise Partnership Area:</b>   | <b>Greater Lincolnshire</b>                                                                                                        |
| <b>LEP Area Indicative Fund Allocation:</b> | <b>£3,800,000</b>                                                                                                                  |
| <b>Call Open:</b>                           | <b>Friday 16 December 2016</b>                                                                                                     |
| <b>Call Closes:</b>                         | <b>23:59 31 October 2017</b><br><br><b>Review Dates:</b><br><b>17 February 2017</b><br><b>30 April 2017</b><br><b>30 July 2017</b> |

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# 1. Introduction

The 2014 to 2020 European Structural and Investment Funds bring the European Regional Development Fund, European Social Fund and part of the European Agricultural Fund for Rural Development together into a single European Union Structural and Investment Funds Growth Programme for England supporting the key growth priorities of innovation, research and development, support for Small and Medium Sized Enterprises, low carbon, skills, employment, and social inclusion.

The Government has confirmed that it will guarantee EU funding for structural and investment fund projects signed before the UK's departure from the EU, even when these projects continue after we have left the EU.

As a result, British businesses and other organisations will have additional certainty over future funding and should continue to apply for EU funding while the UK remains a member of the EU.

Funding for projects will be honoured by the government, if they meet good value for money and are in line with domestic strategic priorities. Each government department will take responsibility for the allocation of money to projects in line with these conditions and the wider rules on public spending. The full detail of the announcement can be found at the following website link: <http://tinyurl.com/h977fw4>

The Funds are managed by the Department for Communities and Local Government for the European Regional Development Fund, Department for Work and Pensions for the European Social Fund and the Department for Environment, Food and Rural Affairs for the European Agricultural Fund for Rural Development. These Departments are the Managing Authorities for each Fund. In London, the Greater London Authority acts as an Intermediate Body for the European Regional Development Fund and European Social Fund programmes. In some other areas, Intermediate Bodies are being designated by the Department for Communities and Local Government and the Department for Work and Pensions to perform the following tasks:

- Input into project calls in respect of local development needs (with reference to ESI Funds Strategies); and
- Assessment of applications against certain selection criteria in relation to fit with local priorities in respect of the European Regional Development Fund and European Social Fund.

The Managing Authorities and Intermediate Bodies work closely with local partners on ESI Funds sub-committees in each Local Enterprise Partnership area. Partners on these sub-committees provide:

- Practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets;
- Local intelligence to the Managing Authorities (or Intermediate Bodies where designated) in the development of project calls that reflect Operational Programme and local development needs as well as match funding opportunities; and
- Advice on local economic growth conditions and opportunities within the context of the Operational Programme and the local European Structural and Investment Funds Strategy to aid the Managing Authorities' (or Intermediate Bodies where designated) assessments at outline and full application stage.

This call is issued by the Department for Communities and Local Government and invites Outline Applications in respect of the European Regional Development Fund for England 2014 to 2020.

## 2. Call Context

On behalf of the national Growth Programme Board, the Department for Communities and Local Government (the Managing Authority) invites applications seeking European Regional Development Fund support under:

### **Priority Axis 6 Preserving and Protecting the Environment and Promoting Resource Efficiency**

#### **Investment Priorities:**

- 6d** Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
- 6f** Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

The **European Regional Development Fund Operational Programme for England 2014 to 2020** sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority Axis 6** of the Operational Programme aims to preserve and protect the environment and promote resource efficiency.

Any application for funding will be required to clearly demonstrate that it meets the requirement of, and makes a meaningful contribution to, the delivery of the relevant Priority Axis of the [European Regional Development Fund Operational Programme](#).

In addition, applications will be expected to meet identified local development needs, as expressed in the scope of this call and as set out in the [Greater Lincolnshire Local Enterprise Partnership area](#) European Structural and Investment Funds Strategy.

Applicants are advised to familiarise themselves with the detail of the Operational Programme, local European Structural and Investment Funds Strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting an Outline Application.

### 3. Scope of the Call

#### 3.1. Scope

This call invites Outline Applications which support the delivery of Priority Axis 6 of the European Regional Development Fund Operational Programme and respond to the local development need set out in the [Greater Lincolnshire Local Enterprise Partnership area](#) European Structural and Investment Funds Strategy.

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Indicative Fund Allocation:</b></p>  | <p>Indicatively, through this call the Managing Authority expects to allocate up to £3,800,000.</p> <p>The Managing Authority reserves the right to invite to full application (and subsequently approve) projects that have a cumulative value that is higher or lower than this indicative allocation, subject to the volume and quality of proposals received. The Managing Authority may also decide to place some projects submitted through this call on a reserve list and invite them to proceed at a later date, subject to the availability of funding.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities/Investment Priorities set out in the call.</p> |
| <p><b>Minimum application level</b></p>    | <p>European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £833,333 will not normally be supported under this call</p>                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>Duration of project activity</b></p> | <p>Projects should plan to deliver activity for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration, upwards or downwards.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Geographical Scope</b>         | <p>The England European Regional Development Fund Operational Programme operates on a National basis. All eligible European Regional Development Fund expenditure must benefit organisations located in England.</p> <p>Revenue projects should predominantly support businesses based within the Local Enterprise Partnership area of this call.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Specific call requirements</b> | <p>An indicative budget of £3,800,000 has been allocated to this call. This is intended as a guide and may be reviewed. All Applications are competitive.</p> <ul style="list-style-type: none"> <li>• Proposals can only contain activities which are eligible for European Regional Development Fund support</li> <li>• Applicants will need to have eligible match funding for the balance of costs which must be from a source other than the European Union.</li> <li>• Operations must cover the whole or part of the Greater Lincolnshire Local Enterprise Partnership area.</li> <li>• All activity must be procured in line with European Union regulations and be compliant with state aid law.</li> </ul> <p>European Structural and Investment Funds cannot be used to duplicate existing activities or activities that do not address market failure. European Structural and Investment Funds can only be used to achieve additional activity or bring forward activity more quickly. Applicants must be able to demonstrate that what they are proposing is additional to what would have occurred anyway or enables activity to be brought forward and delivered quicker than otherwise would be the case.</p> <p>Applicants should note that financial instrument activity (i.e. where the project involves the provision of loans or risk finance investment) is excluded from this call.</p> <p><b>Good value for money and alignment with domestic strategic priorities</b> will form a key part of the assessment and appraisal of all applications. Proposals should therefore ensure that these two conditions are fully and robustly demonstrated.</p> |
| <b>Call Deadlines</b>             | <p>For this specific call, applications will be assessed in batches at specific points set out below:-</p> <ol style="list-style-type: none"> <li>1. 17<sup>th</sup> February 2017</li> <li>2. 30<sup>th</sup> April 2017</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

3. 30<sup>th</sup> July 2017

Please note that the entire amount of ERDF funding allocated to this call may be allocated at the first assessment point. If this happens the Managing Authority may choose to close this call or to leave the call open and continue to assess applications, however, these applications will only progress if there is sufficient funding available, in effect projects will be placed on a reserve list.

### 3.2. Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 6 of the Operational Programme, one or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

#### LOCAL DEVELOPMENT NEED

##### Local Growth Priorities:

This call focuses on investment priorities:

6d Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

6f Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution.

Greater Lincolnshire needs to work towards more diverse natural assets and resilient natural capital. This will create a sense of place that underpins a thriving economy. Bigger, better, more joined up landscapes attract people to live, work, invest in and visit the county.

A healthy natural environment is essential to long-term growth; the economic benefits of protecting biodiversity and ecosystem services greatly outweigh the costs of doing so. For example:

- Lincolnshire's tourism and heritage sector and the local food and drink industry rely on our unique and special landscape to produce and market their offerings.
- Food and farming, which contributes c£1 billion to the local economy, needs the natural environment – soil and water are essential components for agriculture.
- The 'business' of protecting the natural environment is a growth sector in its own right - in 2010 it was the third largest third sector group with an annual turnover of £54m. This figure rises to over £91m if gross value added, induced and indirect impacts are included.
- The diversity of Greater Lincolnshire's landscapes is one of its strengths.

- Opportunities for economic growth in Greater Lincolnshire are being missed because the importance of the natural environment to the local economy is not being recognised. More needs to be done to convert day trips into overnight stays: a multiplier effect that creates growth and jobs.
- Green infrastructure is important to people as well as the economy. People living closer to green space have lower death rates and less heart disease, in addition self-esteem and mood are hugely enhanced by green walks. Wildlife rich green spaces where people live and work makes economic, social and environmental sense.
- Lincolnshire is an agricultural county and also a water-stressed one. To grow our economy we need to change how we use our water for the benefit of our agriculture, our residents and our visitors that are attracted to our green landscape and countryside.
- We are developing an integrated approach to water that fully links flood risk, drainage and water resources management so that we can maximise the services it provides, including drinking water, input for business, crop irrigation, tourism and recreation and improved biodiversity. This will move us from just managing water toward managing water sustainably and help ensure Greater Lincolnshire is fit for the future and improve our competitiveness.

#### **Local Priorities:**

Proposals should demonstrate alignment with local development need and priorities including:

- Sectors to be targeted but not exclusively: Housing and industrial/employment developments, Infrastructure providers, and Visitor Economy (although place marketing is ineligible for support under this call)

Activity should complement where relevant:

- Lincolnshire Biodiversity Action Plan
- Central Lincolnshire Green Infrastructure Strategy
- Central Lincolnshire Biodiversity opportunity Mapping Study
- Individual Local Plans
- Flood Risk Management Plans/Strategies
- Shoreline Management Plans
- River Basin Management Plans

### **3.3. Operational Programme Investment Priorities**

Applications must specify the activities to be delivered and must directly contribute to **one or more** of the following Investment Priorities:



|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment Priority</b> | <b>6d – Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Specific Objectives</b> | Investments in Green and Blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Indicative Actions</b>  | <p>Activity supported to achieve this specific objective will focus on investment in Green Infrastructure; definitions are set out in the National Planning Policy and in Natural England’s Green Infrastructure guide<sup>1</sup>. Blue Infrastructure is a sub-set of this and refers to the water-related features (rivers, ponds, lakes etc) that play a crucial role in providing benefits to people and wildlife.</p> <p>Activity can include site clearance, soil de-sealing, decontamination and land remediation, but only where these directly contribute to an area’s Green and Blue Infrastructure/ natural capital which are the primary objective of the interventions.</p> <p>Sustainable drainage can be a design function incorporated within Green Infrastructure. It can also make a contribution to the provision of Green Infrastructure, where natural solutions are used to provide such a function. Furthermore the volume and quality of water that flows into blue infrastructure, such as rivers, ponds and lakes, has a fundamental impact on their health and condition. Sustainable drainage can help improve this.</p> <p>Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Investment in green and blue infrastructure such as green corridors in urban areas and waterways</li> <li>• Sustainable drainage to improve water quality and in some cases local air quality.</li> </ul> |

<sup>1</sup> <http://publications.naturalengland.org.uk/publication/35033?category=49002>

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment Priority</b> | <b>6f – Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Specific Objectives</b> | Investment to promote the development and uptake of innovative technologies, in particular in resource efficiency, in order to increase the resilience and environmental and economic performance of businesses and communities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Indicative Actions</b>  | <p>The aim is to help businesses optimise the use of resources in ways that improve business performance in terms of resilience, profitability and competitiveness while at the same time contributing to the protection and preservation of the environment.</p> <p>Under this investment priority indicative actions to be supported by the European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Provision of support and advice for businesses in the adoption of innovative technologies and processes for the management and reuse of energy, materials, water and waste (including recycling and recovery)</li> <li>• Provision of support for the piloting and demonstration of innovative technologies to promote resource efficiency in order to encourage their greater take-up.</li> </ul> |

## 4. Required Outputs under this Call

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund will achieve the ERDF programme-level outputs for Priority Axis 6.

For projects proposing to deliver activity against more than one Investment Priority, the appropriate outputs should be selected. Project will be required to report on, and evidence, the achievement of the outputs separately under each Investment Priority.

For projects coming forward under this call the expected outputs and results are:

| <b>Investment Priority 6d</b> |             |
|-------------------------------|-------------|
| <b>Output</b>                 | <b>Name</b> |

|           |                                                                                    |
|-----------|------------------------------------------------------------------------------------|
| reference |                                                                                    |
| C22       | Total surface area of rehabilitated land                                           |
| C23       | Surface area of habitats supported in order to attain a better conservation status |

| <b>Investment Priority 6f</b> |                                                                       |
|-------------------------------|-----------------------------------------------------------------------|
| Output reference              | Name                                                                  |
| C1                            | Number of enterprises receiving support                               |
| C5                            | Number of new Enterprises supported                                   |
| C29                           | Number of enterprises supported to introduce new to the firm products |

The Managing Authority expects the level of outputs proposed within outline applications to be realistic and achievable and to deliver good value for money. The application should clearly state the methodology used to determine the levels of outputs proposed.

All operations will be required to report regularly on progress toward achievement of targets. This will need to include both quantitative and qualitative data relevant to the appropriate geographical areas. Applicants will need to explain how they will collect and record this information to maintain a fully evidenced audit trail. It should be noted that if an operation fails to deliver contracted outputs, a performance penalty may apply.

## 5. Application Process & Prioritisation Methodology

There are two stages to the European Regional Development Fund application process:

- (i) Outline Application and, if successful
- (ii) Full Application.

Acceptance of an Outline Application to progress to full application stage does not in any way indicate or constitute an offer of European Regional Development Fund grant.

Applicants must fully complete the [Outline Application](#) which will be assessed by the Managing Authority against all of the national [Selection Criteria](#) except where an Intermediate Body has been designated to assess against some of the selection criteria. Where an Intermediate Body has been designated to undertake delegated

tasks, the Intermediate Body will undertake the assessment against the selection criteria in relation to fit with local priorities.

Outline Applications will be assessed in two stages, Gateway assessment and Core assessment.

The Gateway assessment is undertaken by the Managing Authorities and considers:

- applicant eligibility;
- activity and expenditure eligibility; and
- fit with the National Operational Programme and the local development need set out in section 2.

Applications that fail the Gateway assessment undertaken by the Managing Authority will be rejected. Applications which pass the Gateway assessment will then be assessed by the Managing Authority in relation to all Core assessment criteria.

In areas where an Intermediate Body<sup>2</sup> has been designated, the following will apply:

The Intermediate Body will assess the application against the following Core assessment criteria:

- Local Strategic Fit

The Managing Authority will assess the application against the following Core assessment criteria:<sup>3</sup>

- National Strategic Fit
- Value for money
- Management and control
- Deliverability
- Compliance
  - Procurement
  - State Aid
  - Publicity requirements
- Cross cutting themes
  - Environmental sustainability
  - Equal Opportunities

The Intermediate Body will also provide advice to the Managing Authority to assist the Managing Authority to make its assessment against the following Core selection criteria:

- Value for money

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<sup>2</sup> This process works differently for the Greater London Authority. Please contact the Greater London Authority for further details.

- Deliverability

Having assessed projects against these criteria the relevant Local Economic Partnership area European Structural and Investment Funds Sub-Committee will advise the Managing Authority or Intermediate Body as relevant on the contribution to local economic growth conditions and opportunities within the context of the Operational Programme and local European Structural and Investment Funds Strategy to aid the Managing Authority's assessments (at outline and full application stage).

Having concluded their assessments the Managing Authority and the Intermediate Body will prioritise the applications they wish to proceed based on their assessment against their respective selection criteria. Only projects that the Managing Authority and the Intermediate Body each agree should proceed, based on their respective core selection criteria, will be invited to submit a full application. Subsequently only those full applications that the Managing Authority and the Intermediate Body each agree should proceed, based on their respective selection criteria, will be approved.

Please note that the Managing Authority's decision is final and there are no appeals. If you wish to complain about the calls and application process, please follow the procedure set out at <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/complaints-procedure>

Potential applicants / applicants may wish to take advantage of information and support services funded through ERDF Technical Assistance and available to assist the design and development of compliant projects / applications for ERDF. Details of your local Technical Assistance funded project can be found on the [Technical Assistance website page](#).

For calls under Investment Priority 6d, please note:

All Green Infrastructure projects are required to make a contribution towards biodiversity priorities (especially relating to national objectives to increase the provision of water, grass and woodland habitats) and in addition proposals will need to clearly show how they deliver at least one of the socio-economic benefits of Green Infrastructure below:

- Flooding alleviation and Water Management.
- Pollution management/ control/ regulation (water and air)
- Economic growth and Investment (new market opportunities)
- Health, well-being, Recreation and Leisure (linked to a growth benefit).
- Provision of products from the land.
- Climate Change adaptation and mitigation

In determining which projects should be eligible for funding reference should be made to the relevant sections of the National Planning Policy Framework relating to the environment and Green Infrastructure; Green Infrastructure priorities set out in Local Plans; the Natural Environment White Paper (2011); Biodiversity 2020 (2011); and Natural England's Green Infrastructure Guidance.

The UK's National Planning Policy Framework requires local planning authorities to "set out a strategic approach in their Local Plans, planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure".<sup>4</sup> Investments in Green Infrastructure should look to complement the priorities for multi-functional green space as set out in the relevant Local Plans.

Where an investment is planned for a site that is designated as part of the Natura2000 network, or sits in proximity to such a site, reference should be made to the Prioritised Action Framework to ensure any proposed interventions complement the designated site's objectives

## 6. General Information

### 6.1. National Eligibility Rules

When developing an application, Applicants must refer to the [National Eligibility Rules](#) setting out the requirements of the 2014-2020 European Regional Development Fund Programme. It is the responsibility of the Applicant to ensure that the National Eligibility Rules are adhered to both at application stage and following approval. Failure to do so can lead to financial penalties leading to recovery of up to 100% of the grant value. If in doubt on any of the requirements, Applicants are strongly advised to seek specialist advice.

European Regional Development Fund eligibility rules apply to **all** project spend within the eligible costs, including match funding.

The European Regional Development Fund is governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation, (Section 8 Key Document refers) prior to submitting an Outline Application. If successful at the full application stage, Applicants will enter into [a Funding Agreement](#) and must abide by the standard terms and conditions contained therein. Once a Funding Agreement has been issued it should be signed and returned within 30 days, unless otherwise agreed with the Managing Authority. Applicants are therefore strongly advised to read these terms and conditions to ensure that they are able to enter into such an agreement prior to responding to the call.

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<sup>4</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60777/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60777/2116950.pdf)

## **6.2. Eligible Applicants**

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply. Financial Due Diligence checks will be undertaken on non-public sector Applicants successful at the Outline Application stage.

Applicants must be legally constituted at the point of signing a Funding Agreement. If the application is approved the Applicant organisation will enter into a legally binding Funding Agreement and therefore will carry the liability for ensuring that the terms and conditions of the Funding Agreement are met.

If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant (and Grant Recipient) with the remaining organisation(s) acting as Delivery Partner(s). In this situation the Applicant would be responsible and liable for the Delivery Partner(s) and ensuring the project is operating compliantly.

During the application process the Managing Authority will consider the Applicant's track record, both positive and negative. If the Applicant has been involved in the delivery of previous European grants and any irregularities have been identified, the Managing Authority will expect to see what steps have been taken to ensure that the risk of further irregularities in the future is mitigated. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

## **6.3. Contribution Rate & Match Funding**

European Regional Development Fund investment must not be used to replace existing funding sources. European Regional Development Fund investment must enable activity to take place that would not otherwise happen or to increase the scope, scale or intensity of activity. The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed

The maximum Contribution Rate is 60% of the total eligible project costs subject to State Aid regulations.

The remaining 40% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. During the application process applicants will need to satisfy the Managing Authority that they have, or are able to put in place eligible match funding for the balance of costs. Other European Union funds cannot be used as a source of match funding.

European Regional Development Fund investment is limited by State Aid regulations and where the award of European Regional Development Fund would constitute State Aid the European Regional Development Fund grant rate may fall below the 60% maximum.

European Regional Development Fund is paid quarterly in arrears and expenditure must be defrayed prior to the submission of any Grant claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

#### **6.4. Project Timescales**

European Regional Development Fund funding will normally be approved for three years, however the Managing Authority reserves the right to extend the contract term in exceptional circumstances.

Projects approved through this call will normally be expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected,
- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected, and
- Be closed by June 2023.

#### **6.5. Capital Projects**

In developing the budget for the Outline Application, applicants seeking European Regional Development Fund to support a capital project should note that:

- new build projects will normally be expected to achieve the Building Research Establishment Environmental Assessment Method (BREEAM) rating of 'excellent'; however BREEAM 'very good' will be accepted where this is the maximum feasible standard.
- Refurbishment projects will normally be expected to achieve the BREEAM rating of 'Very Good'.
- Infrastructure projects will normally be expected to achieve the Civil Engineering Environmental Quality Assessment rating of 'Very Good'.

#### **6.6. Cross Cutting Themes/Horizontal Principles**

All applications selected as a result of this call will be required to demonstrate how the Cross Cutting Themes have been addressed in the project design and development. Cross Cutting Themes for European Regional Development Fund are 'equality and anti-discrimination' and 'sustainable development'. Further information is available in Section 11 of the [European Regional Development Fund Operational Programme](#).

Green Infrastructure projects seeking funding under Priority Axis 6 require both a wider strategic overview to ensure maximum benefits, and a future management plan.



Applications for projects delivering carbon savings will need to include a coherent and transparent methodology for measuring the savings.

### **6.7. Additionality, Duplication and Displacement**

Additionality is a core principle of European Regional Development Funding. Applicants must be able to demonstrate that the activity paid for out of European Regional Development Funding adds value to new or existing activity.

European Regional Development Funding cannot support activities that duplicate existing provision/services within the region.

Applications need to identify and evidence how the beneficiaries will use the service and demonstrate that the project does not displace other activity available in the market place.

### **6.8. State Aid & Revenue Generation**

Applicants are required, in the Outline Application, to provide a view on how their proposal complies with State Aid law. Applicants must ensure that projects comply with the law on State Aid. Grant funding to any economic undertaking which is State Aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme under the General Block Exemption Regulation (EU) 651/2014.

Only if this is not possible should Applicants use the De Minimis Regulation or 'no aid'. [Guidance for Grant Recipients](#), explaining more about State Aid, is available; it is important that Applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the Programme.

The Managing Authority is not able to give legal advice on State Aid. It is the responsibility of the applicant to ensure that the operation is State Aid compliant.

### **6.9. Procurement**

All costs claimed by the Applicant (Grant Recipient and/or Delivery Partner(s)) must be recovered on an actual cost basis. Other costs must be procured in line with National (including [Public Procurement Regulation 2015](#)) and European Union regulations. Procurement will be subject to audit and verification and any irregularity will result in a financial penalty of up to 100% of the grant paid. Robust and transparent procurement is required to ensure that Grant Recipients:

- Consider value for money;
- Maximise efficient use of public money;
- Maintain competitiveness and fairness across the European Union.

It is **strongly recommended** that Applicants seek and follow legal advice in respect of procurement requirements. Procurement irregularities remain the most substantive cause of error and clawback of grants.

## 7. Support

Please note that this is a competitive call and to preserve impartiality the Managing Authority and, where appropriate, the Intermediate Body are unable to enter into correspondence with applicants over their Outline Application. Details of where guidance can be found are contained throughout this call document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: [EM.ERDFENQUIRIES@communities.gsi.gov.uk](mailto:EM.ERDFENQUIRIES@communities.gsi.gov.uk).

## 8. Key Documents

- European Regional Development Fund Operational Programme;
- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- Eligibility Guidance;
- Target Definitions;
- Funding Agreement (Revenue and/or Capital).

## 9. Document Checklist

Incomplete applications will be rejected. Please ensure the following information (documents) are submitted.

Outline Stage:

- Fully completed Outline Application;
- Financial Tables;
- Outputs, Results and Indicators Tables.

## 10. Document Submission

Completed Outline Applications must be submitted via **email** to the address in Section 7.

Outline Applications which are not fully completed will be excluded.

For this call applications will normally be required to **commence delivery/activity within three months** of the award of a Funding Agreement.

Any changes related to the deadline for the submission of the Outline Application form will be notified on the [European Growth Funding](#) website pages.