

2014 to 2020 European Structural and Investment
Funds Growth Programme

Call for Proposals
European Regional Development Fund

Priority Axis 4: Supporting the Shift
Towards a Low Carbon Economy in All
Sectors

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors
Call Reference:	OCO8R16P0455
Local Enterprise Partnership Area:	D2N2
LEP Area Indicative Fund Allocation:	£8,500,000
Call Open:	Friday 16 December 2016
Call Closes:	23:59 31 October 2017 Review Dates: 17th February 2017 30th April 2017 30th July 2017 31st October 2017

Contents

1.	Introduction.....	3
2.	Call Context.....	4
3.	Scope of the Call	5
3.1.	Scope.....	5
3.2.	Local Development Need.....	7
3.3.	Operational Programme Investment Priorities.....	11
4.	Required Outputs under this Call	17
5.	Application Process & Prioritisation Methodology	19
6.	General Information.....	21
6.1.	National Eligibility Rules.....	21
6.2.	Eligible Applicants.....	21
6.3.	Contribution Rate & Match Funding	22
6.4.	Project Timescales.....	22
6.5.	Capital Projects.....	23
6.6.	Cross Cutting Themes/Horizontal Principles.....	23
6.7.	Additionality, Duplication and Displacement	23
6.8.	State Aid & Revenue Generation	24
6.9.	Procurement.....	24
7.	Support.....	24
8.	Key Documents.....	25
9.	Document Checklist.....	25
10.	Document Submission.....	25

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 4 Supporting the Shift towards a Low Carbon Economy in All Sectors

Investment Priorities:

- 4a** Promoting the production and distribution of energy derived from renewable resources.
- 4b** Promoting energy efficiency and renewable energy use in enterprises.
- 4c** Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.
- 4e** Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.
- 4f** Promoting research and innovation in, and adoption of, low-carbon technologies.

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 4** of the Operational Programme aims to support the shift to low carbon economy in all sectors.

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 [D2N2](#) 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 4 of the European Regional Development Fund Operational Programme and respond to the local development need set out in the [D2N2](#) European Structural and Investment Funds Strategy.

<p>Indicative Fund Allocation:</p>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £8,500,000.</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>
---	--

Minimum application level	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 £1,000,000 will not normally be supported under this call
Duration of project activity	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.
Geographical Scope	<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>
Specific call requirements	<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>Good value for money and alignment with domestic strategic priorities 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>
Call Deadlines	<p>For this specific call, applications will be [assessed in batches at specific points set out below:-</p> <ol style="list-style-type: none"> 1. 17th February 2017 2. 30th April 2017 3. 30th July 2017 4. 31st October 2017 <p>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.</p>

3.2. Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 4 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:

Supporting the shift to a low carbon economy is vital to promote sustainable economic growth through building the market in low carbon environmental goods and services and associated low carbon innovation, and in order to address climate change. Maximising the opportunities and minimising the cost of the transition to a green economy also makes this a pressing issue for businesses across D2N2. The low carbon economy will present commercial opportunities for the D2N2 business base through the development and provision of low carbon goods and services, or through savings in areas such as energy or waste.

The low carbon economy is a varied sector incorporating a cross-cutting series of practices and technologies. It includes traditional environmental solutions such as waste management and recycling, together with renewable energy technologies (e.g. wind, tidal, geothermal and biomass). There are also a series of emerging low carbon activities such as nuclear energy, carbon capture and storage and energy management. The sector also cuts across a number of other areas, notably construction, manufacturing and transport equipment.

The sector presents the D2N2 economy with a variety of opportunities for economic growth, employment generation and carbon emission reductions. Low carbon business expansion is likely to be based on existing companies diversifying into low carbon markets. While there will be a global market to serve, leading to job creation linked to increased exporting activity, many of the opportunities will relate to UK based activity and the decarbonisation of local activities.

Key sectors and opportunities include:

- **Power Generation** Traditionally fuelled by the coalfields of Derbyshire and Nottinghamshire, where power stations continue to contribute a significant amount of the UK's generating capacity. Major gas fired power station development nearby in Burton-on-Trent's is likely to provide opportunities for D2N2 businesses. The renewables sector is less significant in the D2N2 area due to natural assets. Wind power is limited but there is more hydropower. The Energy Technology Research Institute at the University of Nottingham is a key research centre for research into biomass and solar technologies.
- **Low Carbon Buildings Construction** is a major activity, and identified growth sector, within the D2N2 economy and there are a number of companies involved in the sustainable construction sector. There is a Sustainable Technologies Group at the University of Nottingham focused on research into sustainable building design, photovoltaics, solar thermal systems, earth construction and biomass.

- **Carbon Capture and Storage** The carbon capture and storage sector is an emerging sub-sector within D2N2 and has potential with a number of key research assets including the British Geological Survey, a European centre of excellence into carbon dioxide storage, and the University of Nottingham Centre for Innovation in Carbon Capture Storage and the Energy Technologies Research Institute.
- **Low Carbon Vehicles and Fuels:** This includes all sectors associated with alternative vehicles (e.g. hybrid and electrical vehicles), fuel cells and other alternative fuel technologies. The share of the market for these types of vehicles is still small but growing. Research is also undertaken by the Advanced Materials Research Group and the Hydrogen Storage Group at the University of Nottingham.

In addition, growth through start-ups and spin outs will be driven by research and development, innovation and knowledge transfer activity – of which there are a number of strengths in the D2N2 area.

The D2N2 Low Carbon Plan (<http://www.d2n2lep.org/lowcarbon>) is a key implementation document for the D2N2 Strategic Economic Plan. It provides a framework for investments and for seeking funding from Government and other Institutions. The plan uses our competitive advantage to build on expertise in the low carbon transport technologies and data from DECC suggests employment in the low carbon economy here is amongst the highest of all Local Enterprise Partnership areas. The D2N2 area importantly also has significant low carbon research expertise. D2N2 is a significant contributor to power generation in the United Kingdom, with the potential to exploit the move to more renewable sources of energy.

There are a number of market failures holding back the growth of the low carbon economy. These include:

- Uncertainty over the commercial and business benefits of some low carbon solutions.
- Lack of certainty with regard to regulation and support mechanisms to encourage the up-take of renewable energy.
- The lack of a recognised network across the industry, such networking is a key success factor in high performing clusters.
- Lack of awareness and understanding of costs and benefits of energy and energy efficiency amongst the business base.

Therefore focus of this call is on;

- Supporting business to grow by becoming more energy efficient, accessing research, demonstration and adoption of new technologies practices and solutions – including a focus on low carbon transport / vehicles.
- Promoting place-based approaches to smart low carbon communities, including improving urban air quality.
- Supporting the application of low carbon technologies in building(s) and infrastructure.

Specific objectives include:

- Supporting the non-domestic sector to deploy low carbon technologies and focus on energy efficiency.
- The development of whole place low carbon solutions.
- Accelerating the development, innovation, adoption and deployment of low carbon technologies and related supply chains/ infrastructure.

Local Priorities:

D2N2 would welcome innovative proposals that reflect the objectives of this call within the scope of the eligible activities. They could include but are not limited to:

- Developing “Sustainable Energy Communities” prioritised delivery and investment plans. Delivery will be achieved through investing in supply chain events, workshops and business support measures to link local businesses to these commercial opportunities
- Local Authorities, communities and businesses collaborating to develop their own “Smart Energy Communities” Plans, including building energy data models, neighbourhood based building retrofit energy schemes incorporating targeted supply chain initiatives.
- Developing a research & development support innovation programme to enable small and medium sized enterprises to develop and commercialise low carbon technologies. This will include the development of Business Incubation Centres catering for low carbon businesses.

Proposals should not duplicate existing provision, particularly the University of Derby’s ‘D2EE’ Project and University of Nottingham’s ‘Environment Technology Centre 6’ project. <http://www.d2n2lep.org/EUFunding>

The D2N2 Core Delivery Principles.

D2N2 ESI Funds Sub Committee have agreed a set of Core Delivery Principles (<http://www.d2n2lep.org/EUFunding/D2N2-ESIF-Core-Delivery-Principles>) that define how it considers a good European Structural and Investment Fund project should operate. In particular, D2N2 wants to get maximum benefit for the economy from its European Regional Development Fund investments through fewer, larger projects of impact and scale with funded projects offering complimentary and co-ordinated support. Therefore we would encourage applications with a high impact for the economy, perhaps encompassing a number of activities or clearly aligned with other complimentary delivery.

D2N2 will consider how applications’ meet the Core Delivery Principles in formulating its advice on their local strategic fit.

The D2N2 Growth Hub

The D2N2 Business Growth Hub draws business support activity together by

providing a telephone helpline; on line service (www.d2n2growthhub.co.uk) with a range of professional business advisers available to provide a bespoke diagnostic and growth package for businesses. Its aim is to simplify the business support offer of many local and national partners to help businesses more easily find the right support. Applicants should demonstrate how their proposal will relate to the D2N2 Growth Hub.

The D2N2 Priority Sectors

D2N2 has identified eight sectors with the potential to support economic and employment growth in the economy, covering both manufacturing and service sector opportunities. They are

- Transport Equipment Manufacturing;
- Life Sciences;
- Food and Drink Manufacturing;
- Construction;
- Visitor Economy;
- Transport and Logistics;
- Creative Industries; and
- Low Carbon Goods and Services.

D2N2 is looking for enhanced support to meet the specific needs of our identified key sectors with collaboration and consolidation of support between sectors where efficiencies enhance delivery.

D2N2 will consider applications to support capital expenditure from the European Regional Development Fund where there is a direct or strategic link to other complimentary revenue funded support programmes and or the delivery of key strategic objectives such as delivering smart specialisation in innovation or supporting growth in key sectors. Any capital investment would need to make a clear case for intervention by identifying market failure.

This call is not prescriptive about delivery geography or methodology but D2N2 would wish to see firms from across the D2N2 area, in urban and rural areas, able to access support funded by the D2N2 European Regional Development Fund notional allocation

Applicants seeking funding for activities which could be interpreted to be agricultural or primary processing – including the production of biomass fuels – should be aware that European Regional Development Fund cannot be used to fund agricultural or primary processing activities whether this be advice to primary producers or direct financial support. If in doubt, applicants should consult the Department for Communities and Local Government before submitting an application.

D2N2 Local Enterprise Partnership and partners can offer advisory support to potential applicants to inform their bids, including awareness raising events and sharing of good practice. Further information and contact details are available from <http://www.d2n2lep.org/EUFunding>

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:

Investment Priority	4a – Promoting the production and distribution of energy derived from renewable sources.
Specific Objectives	Increase the number of small scale renewable energy schemes in England.
Indicative Actions	<p>Projects will support micro-energy installations, off-grid energy productions, renewable heat networks and ground and air source heat pumps:</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"> • Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass • Support to build capability and capacity for supply chains in renewable energy • Demonstration and deployment of renewable energy technologies • Measures to support the wider deployment of renewable heat, including micro-generation, geothermal, renewable heat networks or district heating, ground source and air source heat pumps. Also including biomass systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities, and • Anaerobic digestion plants and other biomass or landfill gas schemes.

Investment Priority	4b – Promoting energy efficiency and renewable energy in enterprises.
Specific Objectives	Increase energy efficiency in particular in Small and Medium sized Enterprises, including through the implementation of low carbon technologies.
Indicative Actions	<p>The main target group is Small and Medium Sized Enterprises.</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"> • Enhanced advice, support, information and action to promote innovation in businesses and how they operate, in order to deliver best practice in energy management. This will include innovation in energy efficiency and energy cost reduction to improve businesses’ competitiveness and resilience • Support to small and medium sized enterprises can deliver CO₂e savings through direct energy saving and savings through water, waste, transport and embodied energy in materials etc • Support to businesses to undertake ‘green’ diagnostics or audits of energy efficiency and potential for renewable generation and energy use, which will be followed by provision of energy efficiency information and guidance, tailored energy action plans and support to implement them • Investing in energy efficiency measures, processes and renewable generation capacity to improve a business’ or building’s environmental performance or its resilience to the impacts of climate change • Investing in measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations • Supporting an increase in energy efficiency in enterprises including an emphasis on ‘whole place’ especially through improving industrial processes, designing out waste, recovery of ‘waste’ heat energy

	<p>and combined heat and power</p> <ul style="list-style-type: none"> • Supporting increased Small and Medium Sized Enterprises access to national and local government procured contracts for energy efficient goods and services • Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices • Building retrofit and energy efficiency measures, especially whole building solutions to exemplify, and support the commercialisation of next phase technologies which are near to market, and low carbon construction techniques to improve the energy efficiency of buildings.
--	--

Investment Priority	4c – Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.
Specific Objectives	Increase the energy efficiency of homes and public buildings, through the implementation of low carbon technologies.
Indicative Actions	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Provision of advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy systems in housing stock and public buildings • Supporting low carbon innovation in relation to the integrated ‘whole place’ energy management approach including energy waste and re-use • Standard retrofit can be an eligible part of a project when used in conjunction with innovative technology or as part of a whole place approach which can include

	<p>the way combined retrofit technologies are used to deliver the whole place approach</p> <ul style="list-style-type: none"> • Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market • Investing in domestic energy efficiency, renewable energy and smart construction techniques • Investment in the development and wider use of Energy Performance Contracting in the public buildings and housing sectors.
--	---

Investment Priority	4e – Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.
Specific Objectives	Increase implementation of whole place low carbon solutions and decentralised energy measures.
Indicative Actions	<p>Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a). Activity under this investment priority is based on a holistic approach to the reduction of greenhouse gas emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies.</p> <p>In order to promote such strategies, examples of actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • investments in local/regional smart grid demonstration projects, including validation and solving system integration issues • sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids

	<ul style="list-style-type: none"> • Investments in combined heat and power from renewable sources • Investments to encourage the adoption of renewable technologies. <p>A strategic approach is particularly important in the area of low carbon transport, whether for sustainable urban mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:</p> <ul style="list-style-type: none"> • investments in actions aimed at improving the capacity at local level to develop and implement integrated and sustainable transport strategies and plans (including for example actions related to modelling data collection, integrated transport management, operations and services, public consultation etc) to reduce transport related air pollution, in particular retrofit or replacement programmes for bus fleets, incentive schemes for cleaner transport, improved public transport infrastructure and alternative forms of transport • investments in actions aimed at introducing innovative environmentally-friendly and low-carbon technologies (for example, alternative fuel stations or charging points) • investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing, multimodal integrated datasets or cooperative systems) • innovative transport pricing and user charging systems • cycle paths, walkways and waterways only where part of an integrated approach to greenhouse gas reductions • The strategic use of green and blue infrastructure can form a significant part of a proposal to support the delivery of city cooling in urban areas
--	--

Investment Priority	4f – Promoting research and innovation in, and adoption of, low-carbon technologies.
----------------------------	---

Specific Objectives	Increase innovation in, and adoption of, low carbon technologies.
Indicative Actions	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Research and Development, innovation and supply chain work for low carbon technologies and materials, including; wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries • Research underpinning carbon capture and storage, taking account of the restrictions laid down in Article 3.3.b of the European Regional Development Fund • Technology centres of excellence and test facilities, including relevant Catapult centres • Renewable technologies in the United Kingdom renewable energy roadmap • Research, development, demonstration and adoption of technologies and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric, hybrid and hydrogen) • Knowledge transfer with Higher Education/Further Education institutions and Businesses • Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes • Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings • Demonstration and deployment of decentralised renewable energy technologies • Research, development and innovation and supply chain development for low carbon and resource efficient technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions and the use of secondary materials).

--	--

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 4.

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:

Investment Priority 4a	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new Enterprises supported
C30	Additional capacity for renewable energy production
C34	Estimated annual decrease of GHG

Investment Priority 4b	
Output reference	Name
C1	Number of enterprises receiving support

C34	Estimated annual decrease of GHG

Investment Priority 4c	
Output reference	Name
C31	Number of households with improved energy consumption
C32	Decrease of annual primary energy consumption of public buildings
C34	Estimated annual decrease of GHG

Investment Priority 4e	
Output reference	Name
C1	Number of enterprises receiving support
C34	Estimated annual decrease of GHG

Investment Priority 4f	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new Enterprises supported
C26	Number of enterprises cooperating with research entities
C29	Number of enterprises supported to introduce new to the firm products
C34	Estimated annual decrease of GHG

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 Body¹ has been designated, the following will apply:

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

¹ This process works differently for the Greater London Authority. Please contact the Greater London Authority for further details.

- Local Strategic Fit

The Managing Authority will assess the application against the following Core assessment criteria:²

- 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
- 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](#).

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.

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 50% of the total eligible project costs subject to State Aid regulations.

The remaining 50% 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 50% 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](#).

Projects seeking funding under Priority Axis 4 with the objective of reducing Greenhouse Gas must have a transparent methodology for calculating and monitoring emissions, with actual and auditable GHG reductions in line with the Climate Change Act 2008.

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

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.

