

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

<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 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors</b>
<b>Call Reference:</b>	<b>OC12R16P0458</b>
<b>Local Enterprise Partnership Area:</b>	<b>Greater Birmingham and Solihull</b>
<b>LEP Area Indicative Fund Allocation:</b>	<b>£1,500,000</b>
<b>Call Open:</b>	<b>Friday 16 December 2016</b>
<b>Call Closes:</b>	<b>23:59 Friday 17<sup>th</sup> February 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 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 [Greater Birmingham and Solihull Local Enterprise Partnership](#) 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 [Greater Birmingham and Solihull Local Enterprise Partnership](#) 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 £1,500,000.</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>
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<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 £250,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £416,667 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>
<p><b>Geographical Scope</b></p>	<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 Transition area of the Greater Birmingham and Solihull Local Enterprise Partnership area – Tamworth, Lichfield, East Staffordshire and Cannock</p>
<p><b>Specific call requirements</b></p>	<p>This call is ring fenced to Transition Districts of the Greater Birmingham and Solihull Local Enterprise Partnership. This covers the districts of Tamworth, East Staffordshire, Lichfield and Cannock.</p> <p>The maximum European Regional Development Fund contribution rate for activity in ‘transition regions’ is 60%. This means European Regional Development Fund can contribute <b>up to 60%</b> (in transition regions) of the total eligible project costs.</p> <p>Please note that the intervention rate may also be subject to State Aid regulations which will determine the maximum level of public sector funding which can be accessed</p> <p>Please follow the link to the Greater Birmingham and Solihull Low Carbon Transport and Energy plans in relation to complementary actions for reduction of emissions.  <a href="http://centrefenterprise.com/wpcontent/uploads/2013/10/GBS-LEP-Low-Carbon-Energy-Plan-Summary-Report.pdf">http://centrefenterprise.com/wpcontent/uploads/2013/10/GBS-LEP-Low-Carbon-Energy-Plan-Summary-Report.pdf</a>  <a href="http://centrefenterprise.com/wpcontent/uploads/2016/04/Low-Carbon-Transport-and-Mobility-Strategy-Final-March-2016.pdf">http://centrefenterprise.com/wpcontent/uploads/2016/04/Low-Carbon-Transport-and-Mobility-Strategy-Final-March-2016.pdf</a></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>

	<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.
<b>Call Deadlines</b>	For this specific call, applications will be assessed after the close of the single deadline.  Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.

### 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
<p><b>Local Economic Context :</b> Greater Birmingham and Solihull Local Enterprise Partnership has shown real commitment to sustainability in their European Structural and Investment Fund Strategy by investing more than the necessary minimum in the low carbon agenda and by promoting the low carbon economy as one of its key growth sectors. The scale of the carbon challenge across the Greater Birmingham and Solihull Local Enterprise Partnership is sizable. For Birmingham alone, based on the 60% reduction target, and assuming the trajectory of achievement to 2014, the target carbon dioxide reduction for the period 2014 to 2020 is 1,068,557 tonnes. Our main focus is in developing potential ‘whole-place’ synergies between areas of activity; where the use of smart technology can encourage changes of behaviour; and where capital works that have identified sources of match funding. In relation to this call:</p> <p><b>Investment Priority 4a</b> Promoting the production and distribution of energy derived from renewable resources.</p> <p><b>Market Failure: Local Low Carbon Energy Supply:</b> The Greater Birmingham and Solihull Local Enterprise Partnership area currently imports almost all its energy requirements from outside the Greater Birmingham and Solihull Local Enterprise Partnership area, resulting in an outflow of £3.38bn. This represents 10% of the area’s Gross Value Added. As a result, there is a need to understand other potential sources of energy to deploy across the Greater Birmingham and Solihull Local Enterprise Partnership area and to encourage decarbonised local energy generation, building on our research strengths, with pilot projects testing different approaches across a range of renewable technologies. The Greater Birmingham and Solihull Local Enterprise Partnership has published a Low Carbon Energy Plan which should inform this call and is available here <a href="http://centrefenterprise.com/european-fundingstrategy-">http://centrefenterprise.com/european-fundingstrategy-</a></p>

[consultation/](#)

**Investment Priority 4b** – Promoting energy efficiency and renewable energy use in enterprises

**Market failure** - The mini Stern report sets out that there are £675 million of cost-effective, energy efficient and low carbon investment opportunities available in the commercial sector within the Birmingham and the wider urban area (BWUA). The Greater Birmingham and Solihull area will consider actions to address energy efficient and low carbon options and business competitiveness and resilience advice relating to the low carbon sector and environmental factors

**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

The European Regional Development Fund cannot be used to fund basic retrofit activity such as loft, cavity wall insulation, double/ standard triple glazing, boilers, and other standard retrofit technologies. Solid wall insulation is an eligible activity, however it is expected that the use of solid wall will be applied through an innovative approach and/or as part of a whole place solution to support the installation of innovative low carbon solutions.

Projects that may be supported can target both social and non-domestic properties for intervention. Consideration will be given to small scale intensive pilot interventions which can act as demonstrators and can engage with small and medium sized enterprises.

**Market failure** – lack of market growth in goods and services in the emerging green supply chains in the Greater Birmingham and Solihull Local Enterprise Partnership area, and the lack of uptake of eco innovation for Greenhouse Gas (GHG) reduction and other associate benefits.

**Investment Priority 4e** Implementing 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.

**Market failure**- city congestion with an identified need to improving the ease of movement of goods and workers. We also need to support decentralised transport solutions, accepting that the way people live and work is changing and that not everyone commutes to an urban centre. Consideration will be given to ‘total place’ small scale intense pilot projects.

Please note the actions relation to local delivery and management of decentralised energy are included in this call as detailed in the Greater Birmingham and Solihull Local Enterprise Partnership’s Low Carbon Transport and Mobility strategy.

There are huge investments underway across the Greater Birmingham and Solihull Local Enterprise Partnership area to increase internal and external connectivity (e.g. New Street Station renewal, investment in metro and longer term, HS2 (High Speed 2)). Priority 4 can complement major investments with a focus on specific low-carbon infrastructure projects, predominantly around infrastructure to support alternative fuels and initiatives to promote inter-modal travel, thereby making it easier to get around the Greater Birmingham and Solihull Local Enterprise Partnership area. This action will also support the lowest carbon travel solutions e.g. walking and cycling which form part of an integrated strategy in line with the Greater Birmingham and Solihull Local Enterprise Partnership’s Low Carbon Transport and Mobility Strategy (also adopted by the Greater Birmingham and Solihull Local Enterprise Partnership European Structural and Investment Funds Sub Committee)



To deliver a whole place solution it is expected that a strategy will focus on a least two thematic areas to deliver an integrated approach. It is expected that energy efficiency/renewable technologies or low carbon transport activity would form the lead thematic areas.

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

Under this Priority, innovation, and innovative approaches in moving towards a green economy, will be welcome. However we are not specifically addressing investment in the development of innovative technologies; that sits under Priority Axis 1.

We will however be coordinating with the actions under Priority Axis 1 to ensure alignment of investment, for example relating to Priority Axis 1 demand-led demonstrators; as a follow-on, this Priority can support applied ‘real-life’ pilot projects that have a delivery function, and support the ‘journey’ of new low carbon products and services into deployment. Another example of how this Priority could support the ‘roll out’ of innovation is through on-the-ground retrofit delivery utilising combined public procurement to build demand for innovative low carbon products and services.

**Market Failure** - The Mini-Stern Review for Birmingham shows that there are enormous challenges to decarbonise domestic, commercial, industrial and transport sectors in Birmingham and the Wider Urban Area, with over £1.5 billion of energy efficiency and low carbon investment needed in the industrial sector alone. This scale of challenge requires deployment of innovative technologies and support for the related small and medium sized enterprise supply chains.

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 Department for Communities and Local Government before submitting an application

#### **Local Priorities:**

Greater Birmingham and Solihull Local Enterprise Partnership has a strong environmental strategic grounding on which to build; combining ambitious targets in **Birmingham’s Green Commission Carbon Roadmap**, with important scoping of the building retrofit challenge in the **Mini-Stern Review** for Birmingham and the Wider Urban Area and other key Greater Birmingham and Solihull Local Enterprise Partnership documents such as the ‘**Delivering Growth**’ Spatial Plan which is aligned to the Strategic Economic Plan.

- The Greater Birmingham and Solihull Local Enterprise Partnership has commissioned a Low Carbon Transport and Mobility Strategy and a Low Carbon Energy Plan which can be found on its website. See link on web site address in call requirements section above.

- These outline the key incentives that the Greater Birmingham and Solihull Local Enterprise Partnership wishes to focus on relating to Priority 4. Joining the proposed projects together from these two documents could create opportunities under Investment Priority 4e. The Greater Birmingham and Solihull Local Enterprise Partnership also consider there is potential for consideration of both in a ‘whole place’ response.

**Local Low Carbon Energy Supply:** The Greater Birmingham and Solihull Local Enterprise Partnership area currently imports almost all its energy requirements from outside the Greater Birmingham and Solihull Local Enterprise Partnership area, resulting in an outflow of £3.38bn. This represents 10% of the area’s Gross Value Added. As a result, there is a need to understand other potential sources of energy to deploy across the Greater Birmingham and Solihull Local Enterprise Partnership area and to encourage decarbonised local energy generation, building on our research strengths, with pilot projects testing different approaches across a range of renewable technologies. Lack of market growth in goods and services in the emerging green supply chains in the GBSLEP area, and the lack of uptake of eco innovation for Greenhouse Gas (GHG) reduction and other associate benefits  
In addition:

- Projects are encouraged to collaborate where appropriate to achieve synergy of operation and to avoid duplication.
- The Greater Birmingham and Solihull Local Enterprise Partnership has set up a growth hub to support business within its area.

All projects should consider the linkages they can make to facilitate sharing of information to enable small and medium sized enterprises to access funding sources.

- The Greater Birmingham and Solihull Local Enterprise Partnership encourages projects where possible to be of suitable scale; although for this call this area is restricted to the Greater Birmingham and Solihull Local Enterprise Partnership Transition districts of Tamworth, East Staffordshire, Lichfield and Cannock.

- If applicants wish to learn more about the European Structural and Investment Fund Strategy and how their potential projects can contribute to it, they may find it helpful to contact the European Regional Development Fund technical assistance project for the Greater Birmingham and Solihull Local Enterprise Partnership via their dedicated inbox at [esif@solihull.gov.uk](mailto:esif@solihull.gov.uk).

- Information on the Greater Birmingham and Solihull Local Enterprise Partnership technical assistance project with links to the European Structural and Investment Funds can be found on the Greater Birmingham and Solihull Local Enterprise Partnership’s website.

<http://centrefenterprise.com/european-funding-strategy-consultation/>

### 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>4a – Promoting the production and distribution of energy derived from renewable sources.</b>
<b>Specific Objectives</b>	Increase the number of small scale renewable energy schemes in England.

<p><b>Indicative Actions</b></p>	<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"> <li>• Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass</li> <li>• Support to build capability and capacity for supply chains in renewable energy</li> <li>• Demonstration and deployment of renewable energy technologies</li> <li>• 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</li> <li>• Anaerobic digestion plants and other biomass or landfill gas schemes.</li> </ul>
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<p><b>Investment Priority</b></p>	<p><b>4b – Promoting energy efficiency and renewable energy in enterprises.</b></p>
<p><b>Specific Objectives</b></p>	<p>Increase energy efficiency in particular in Small and Medium sized Enterprises, including through the implementation of low carbon technologies.</p>

**Indicative Actions**

The main target group is Small and Medium Sized Enterprises.

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- 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 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 and combined heat and power
- 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

	<p>construction techniques to improve the energy efficiency of buildings.</p>
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<p><b>Investment Priority</b></p>	<p><b>4c – Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.</b></p>
<p><b>Specific Objectives</b></p>	<p>Increase the energy efficiency of homes and public buildings, through the implementation of low carbon technologies.</p>
<p><b>Indicative Actions</b></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>• 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</li> <li>• Supporting low carbon innovation in relation to the integrated ‘whole place’ energy management approach including energy waste and re-use</li> <li>• Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which</li> </ul>

	<p>are near to market</p> <ul style="list-style-type: none"> <li>• Investing in domestic energy efficiency, renewable energy and smart construction techniques</li> <li>• Investment in the development and wider use of Energy Performance Contracting in the public buildings and housing sectors.</li> </ul>
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<b>Investment Priority</b>	<b>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.</b>
<b>Specific Objectives</b>	Increase implementation of whole place low carbon solutions and decentralised energy measures.
<b>Indicative Actions</b>	<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"> <li>• investments in local/regional smart grid demonstration projects, including validation and solving system integration issues</li> <li>• sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids</li> <li>• Investments in combined heat and power from renewable sources</li> <li>• Investments to encourage the adoption of renewable technologies.</li> </ul> <p>A strategic approach is particularly important in the area of</p>

	<p>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"> <li>• 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</li> <li>• investments in actions aimed at introducing innovative environmentally-friendly and low-carbon technologies (for example, alternative fuel stations or charging points)</li> <li>• 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)</li> <li>• innovative transport pricing and user charging systems</li> <li>• cycle paths, walkways and waterways only where part of an integrated approach to greenhouse gas reductions.</li> </ul>
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<b>Investment Priority</b>	<b>4f – Promoting research and innovation in, and adoption of, low-carbon technologies.</b>
<b>Specific Objectives</b>	Increase innovation in, and adoption of, low carbon technologies.

**Indicative Actions**

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- 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:

<b>Investment Priority 4a</b>	
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

<b>Investment Priority 4b</b>	
Output reference	Name
C1	Number of enterprises receiving support
C34	Estimated annual decrease of GHG

<b>Investment Priority 4c</b>	
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

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

<b>Investment Priority 4f</b>	
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 Body<sup>1</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>2</sup>

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

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<sup>1</sup> This process works differently for the Greater London Authority. Please contact the Greater London Authority for further details.

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 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](#).

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: [wm.erdfenquiries@communities.gsi.gov.uk](mailto:wm.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 Application forms not received by the deadline will not be assessed. 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.