

## 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>OC28R16P0433</b>
<b>Local Enterprise Partnership Area:</b>	<b>Sheffield City Region</b>
<b>LEP Area Indicative Fund Allocation:</b>	<b>£8,000,000</b>
<b>Call Open:</b>	<b>Friday 16 December 2016</b>
<b>Call Closes:</b>	<b>23:59 Friday 17 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.
- 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 [Sheffield City Region](#) 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 [Sheffield City Region](#) European Structural and Investment Funds Strategy.

<b>Indicative Fund Allocation:</b>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £8,000,000 of which approximately £6,000,000 is made available within South Yorkshire (Transition Region) and £2,000,000 within the remaining areas of Sheffield City Region (More Developed Region).</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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<b>Minimum application level</b>	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
<b>Duration of project activity</b>	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.
<b>Geographical Scope</b>	<p>The England European Regional Development Fund Operational Programme operates on a National basis. All eligible European Regional Development Fund expenditure must benefit organisations located in England.</p> <p>Revenue projects should predominantly support businesses based within the Local Enterprise Partnership area of this call.</p>
<b>Specific call requirements</b>	<p>Applicants are strongly encouraged to familiarise themselves with the ERDF Priority Axis 4 (Low Carbon Economy) Guidance available on the ESIF webpages on the Gov.uk website <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562804/ESIF-GN-2-009_ERDF_Priority_Axis_4_Guidance_v3.doc">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562804/ESIF-GN-2-009_ERDF_Priority_Axis_4_Guidance_v3.doc</a></p> <p>Applicants are also encouraged to engage with <b>local ESIF Technical Assistance</b> support to assist with the development of their Application(s). Technical Assistance support is available in Sheffield City Region through the ESIF Technical Assistance programme managed by Doncaster Metropolitan Borough Council.</p> <p>Applicants should note that:</p> <ul style="list-style-type: none"> <li>i) <b>Value for Money and alignment with Domestic Strategic Priorities</b> will form a key part of the assessment and appraisal of all applications. Therefore proposals should clearly articulate and demonstrate how activities align with domestic strategic priorities and offer good value for money.</li> <li>ii) There are two categories of region within the Sheffield City Region Local Enterprise Partnership area, with South Yorkshire a 'transition region' and North East Derbyshire a 'more developed region'. Applications covering the Sheffield City Region Local Enterprise Partnership area should therefore apportion costs and</li> </ul>

	<p>outputs for both categories of region, as appropriate, noting contribution rates as per the guidance available on the gov.uk website:  <a href="https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance">https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance</a></p> <p>iii) Applicants are advised to clearly articulate:</p> <ul style="list-style-type: none"> <li>• The demand for the proposed interventions.</li> <li>• The local economic impact that is envisaged.</li> </ul> <p>iv) Proposals should complement and add value to existing local and national provision and other ESIF projects as they become operational in Sheffield City Region.</p> <p>v) Proposals under this Call must ensure that they complement and do not duplicate activities to be supported through the <b>Sheffield City Region Local Enterprise Partnership Growth Hub</b>. Applicants are therefore encouraged to consult with the Local Enterprise Partnership prior to submitting an application.</p> <p><b>Good value for money and alignment with domestic strategic priorities</b> will form a key part of the assessment and appraisal of all applications. Proposals should therefore ensure that these two conditions are fully and robustly demonstrated.</p>
<b>Call Deadlines</b>	<p>For this specific call, applications will be assessed after the close of the single deadline.</p> <p>Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.</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:

The Sheffield City Region European Structural Investment Fund Strategy sets out the opportunities and priorities that will help to create a stronger and larger private sector that can compete in global and national markets.

The City Region's priorities for low carbon development are complementary to this aim. Achieving sustainable development in the City Region, which has an important industrial base, requires urgent action to enhance the resilience of its energy supply and systems, as well as ensuring greater resource efficiency. Businesses in the City Region share the challenge to increase their uptake of low carbon technology, processes and systems, due to a real or perceived 'choice' as to whether to invest in these sustainability measures or, alternatively to target investment into other innovations that may also offer to make them more competitive or effective.

A key strength and opportunity in the City Region relates to its strong track record in research and Innovation. This provides the chance to increase business activity, employment, and productivity by supporting knowledge transfer, commercialisation, inward investment and business formation and growth. Therefore, as well as pursuing reduced Green House Gas outcomes directly through business support for greater resource efficiency and low carbon development, Sheffield City Region is seeking to make a global impact via innovative Research & Development collaborations across sectors, to enhance its position and standing as a renowned centre of excellence in low carbon. This can be achieved via support for innovation networks, demonstration schemes, partnership development and targeted knowledge transfer schemes with clear routes to boost the capacity of Sheffield City Region's private sector for global trade and investment.

Alongside these opportunities and threats, the City Region has the added issue of a surfeit of brownfield industrial locations and previously developed land associated with manufacturing, mineral and aggregates sites and in some cases, redundant infrastructure associated with earlier uses. Through strategic, landscape scale approaches, place-making and targeted green infrastructure investments, fewer of these locations are now seen as a detractor to future investment. However, the City Region does need to make better, and more efficient use of this land as a resource, and particularly to find more economic uses and outcomes. Low carbon development provides a key opportunity to achieve these dual goals.

The Centre for Low Carbon Futures calculated that the 2011 Sheffield City Region energy bill was £3.41 billion per year, and that this would grow to £4.59 billion by 2022 – a £1.18 billion increase. With the annual GVA output of Sheffield City Region standing at approximately £28bn, energy costs constitute over 10% of economic output; a significant proportion.

Sheffield City Region can make its own contribution to addressing national challenges, namely supporting the UK in meeting the requirements of the Climate Change Act (80% less CO<sub>2</sub> emissions by 2050, compared to 1990 levels), keeping



the lights on by addressing the energy generation gap, and achieving greater security over energy supply. Additional benefits include greater control over energy costs, job creation and skills development and the potential to develop a low carbon energy ecosystem that not only generates low carbon electricity, but other products and services such as heat, hydrogen fuel, food and waste processing.

Sheffield City Region intends to use ERDF and associated complementary investment opportunities to help resolve these opportunities and tensions, e.g. to deliver resource-saving options efficiently *alongside* other essential infrastructures and innovations that will help boost growth. Economic development and sustainability are therefore viewed as complementary to one another, due to the opportunities of developing reliable (and more locally derived) sources of renewables, reduced energy prices (and less severe price fluctuations) and, of utmost importance, greater energy/resource efficiency.

### **Local Priorities:**

#### **Under Investment Priority 4a:**

Applications are sought for proposals that will invest in low carbon renewable energy generation and distribution and will support micro-energy installations, off-grid energy productions, renewable heat networks and ground and air source heat pumps:

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

- 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.

#### **Under Investment Priority 4b:**

Sheffield City Region is particularly keen to support SMEs to invest in, and exploit

low carbon and energy efficiency measures, specifically:

- local renewable energy resources;
- energy efficiency measures, including e.g. heat reclamation, installation of insulation;
- low emission / electric vehicles and charging points, subject to ERDF eligibility.
- low impact urban development and buildings, particularly in urban industrial brownfield locations; and .
- support targeted towards SME's that have a demonstrable impact in terms of energy efficiency and climate change mitigation measures. Projects will be required to accurately report GHG reductions (in terms of CO<sub>2</sub>e) of businesses' activities as a direct result these interventions.

This Investment Priority is focussed on energy efficiency rather than resource efficiency. Whilst these two aspects of efficiency are mutually reinforcing, they are not the same. Eligible calls and projects under this Investment Priority must therefore only describe energy efficiency measures that fit with the Specific Objective, expected results and indicative activities of this Investment Priority.

#### **Under Investment Priority 4f:**

Applications are sought for projects that will :

- Stimulate, nurture and support collaborative R&D partnerships that demonstrate SME-led innovation, towards the development and delivery of new low carbon and clean-technology products, processes and services.
- Proposals will be expected to work in tandem with higher education / further education institutions, to deliver knowledge transfer actions, new patents and start-ups and spin-off initiatives, for instance through joint ventures.
- Demonstrate innovation in the development and delivery of transformational renewable energy technologies and novel integrated infrastructure approaches, incorporating new ways to make energy connections, use smart grid technologies and deliver practicable power storage solutions.
- Boost Innovation in low carbon and resource efficiency. In conjunction with work in other Investment Priority areas, proposals should demonstrate support for innovation and establishment of productive joint ventures/partnerships between academia, SMEs and industry, including facilitation of R&D collaborations and establishment of spin-offs. This could include support for innovative product development, proof of concept, manufacture, testing, demonstration and marketing for specific low carbon technologies or materials, that may include (not exclusively):
  - renewables technology development and demonstration;
  - low whole-life cycle emission vehicles and components;
  - innovative resource efficiency measures, insulation materials and

- techniques; and
- low impact urban development and buildings, particularly in urban industrial brownfield locations.

#### **Under Investment Priority 4e**

Applications are also sought in Sheffield City Region under Investment Priority 4e in order to increase the implementation of whole place low carbon solutions and decentralised energy measures.

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.

In order to promote such strategies, examples of actions to be supported by European Regional Development Fund may include:

- 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
- Investments in combined heat and power from renewable sources
- Investments to encourage the adoption of renewable technologies.

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.

### **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.

<b>Indicative Actions</b>	<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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<b>Investment Priority</b>	<b>4b – Promoting energy efficiency and renewable energy in enterprises.</b>
<b>Specific Objectives</b>	Increase energy efficiency in particular in Small and Medium sized Enterprises, including through the implementation of low carbon technologies.

<b>Indicative Actions</b>	<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"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• Investing in measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations</li> <li>• 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</li> <li>• Supporting increased Small and Medium Sized Enterprises access to national and local government procured contracts for energy efficient goods and services</li> <li>• Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices</li> <li>• 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</li> </ul>
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	construction techniques to improve the energy efficiency of buildings.
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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</li> </ul>

	<p>renewable sources</p> <ul style="list-style-type: none"> <li>Investments to encourage the adoption of renewable technologies.</li> </ul> <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"> <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.

<b>Indicative Actions</b>	<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>• 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</li> <li>• Research underpinning carbon capture and storage, taking account of the restrictions laid down in Article 3.3.b of the European Regional Development Fund</li> <li>• Technology centres of excellence and test facilities, including relevant Catapult centres</li> <li>• Renewable technologies in the United Kingdom renewable energy roadmap</li> <li>• 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)</li> <li>• Knowledge transfer with Higher Education/Further Education institutions and Businesses</li> <li>• Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes</li> <li>• Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings</li> <li>• Demonstration and deployment of decentralised renewable energy technologies</li> <li>• 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).</li> </ul>
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## 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 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 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

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

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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.

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 in the Transition Region and 50% in the More Developed Region.

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:

[YH.ERDFENQUIRIES@communities.gsi.gov.uk](mailto:YH.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.