

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>OC39R16P0477</b>
<b>Local Enterprise Partnership Area:</b>	<b>Multi Local Enterprise Partnership Area Call - Humber</b> (Lead Local Enterprise Partnership area), <b>York, North Yorkshire and East Riding, Greater Lincolnshire</b>
<b>Local Enterprise Area Indicative Fund Allocation:</b>	<b>£3,000,000</b>
<b>Call Open:</b>	<b>Friday 16 December 2016</b>
<b>Call Closes:</b>	<b>23:59 30 April 2017</b>  <b>Review Point: 23:59 on 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/Greater London Authority 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:**

- 4b**      Promoting energy efficiency and renewable energy use in enterprises.

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 European Structural and Investment Funds Strategies for the [Humber Local Enterprise Partnership area](#),

[York, North Yorkshire and East Riding Local Enterprise Partnership area](#) and [Greater Lincolnshire Local Enterprise Partnership area](#).

Applicants are advised to familiarise themselves with the detail of the Operational Programme, local European Structural and Investment Funds Strategies 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 European Structural and Investment Funds Strategies for the [Humber Local Enterprise Partnership area](#), [York, North Yorkshire and East Riding Local Enterprise Partnership area](#) and [Greater Lincolnshire Local Enterprise Partnership area](#).

<b>Indicative Fund Allocation:</b>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £3 million.</p> <p>Split between Local Enterprise Partnership areas, as follows:</p> <ul style="list-style-type: none"><li>• <b>Humber:</b> £1,000,000 Transition</li><li>• <b>YNYER:</b> £720,000 More Developed and £280,000 Transition.</li><li>• <b>Greater Lincolnshire:</b> £1,000,000 Transition</li></ul> <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</p>
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	call.
<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.
<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 areas identified in the call.</p>
<b>Specific call requirements</b>	<p>Expectation that a single contract will be awarded.</p> <p>Delivery to cover the whole Humber, Greater Lincolnshire and York, North Yorkshire and East Riding Local Enterprise Partnership areas.</p> <p>Applicants should note that the York, North Yorkshire and East Riding Local Enterprise Partnership area includes both More Developed and Transition category of regions, as follows:</p> <ul style="list-style-type: none"> <li>• York and North Yorkshire (More Developed area)</li> <li>• East Riding (Transition Region area)</li> </ul> <p>The Humber Local Enterprise Partnership area is a Transition area. The Greater Lincolnshire Local Enterprise Partnership area is a Transition area.</p> <p><b>Value for Money</b> and <b>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</p>
<b>Call Deadlines</b>	For this specific call, applications will be [assessed in batches at specific review points.

	<p>The review points for this call are:</p> <ul style="list-style-type: none"> <li>• 17 February 2017</li> <li>• 30 April 2017</li> </ul> <p>Please note that the entire amount of ERDF funding allocated to this call may be allocated at the first assessment point. If this happens the Managing Authority may choose to close this call or to leave the call open and continue to assess applications, however, these applications will only progress if there is sufficient funding available, in effect projects will be placed on a reserve list.</p> <p>Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.</p>
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### 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 Growth Priorities:</b></p> <p>The Humber, Greater Lincolnshire (GLLEP ) and York, North Yorkshire and East Riding (YNYER) Local Enterprise Partnership Areas cite the low carbon agenda and the food sector as central to the delivery of their European Structural Investment Fund Strategies and key to the future economic sustainability and growth of their respective areas. The Food Sector accounts for the following Jobs and GVA in the three Local Enterprise Partnership areas:</p> <ul style="list-style-type: none"> <li>• Humber – 12,500 Jobs, £738m GVA</li> <li>• GLLEP – 56,000 jobs, £2.5bn GVA</li> <li>• YNYER – 12,800 Jobs, £927m GVA</li> </ul> <p>The strategic importance of the sector to the economy of the three Local Enterprise Partnership areas includes:</p> <ul style="list-style-type: none"> <li>• The international reputation for food, fish and farming, having one of the largest concentrations of food manufacturing, research, storage and distribution in Europe.</li> <li>• HQs and manufacturing facilities of key food brands such as McCain Food (GB), Aunt Bessie’s and Jackson’s Bakery (William Jackson Food Group), Marlow Foods (Quorn), ABP Food Group, Cranswick and Nestle (Kit Kat bar),</li> </ul>

AAK UK, Coldwater, Country Style, Findus, Golden Wonder, Greencore, Lincoln & York, Pipers Crisps, Tranfield, TSC Foods, Saxon Quality Foods and Young's Seafood are based in the area.

- World Class food sector research facilities including Fera Science Ltd, York National Agri-Food Innovation Campus (Science Park) part of the Institute of Agri-food Research and Innovation, Stockbridge Technology Centre, Covance - Europe's first Nutritional Chemistry & Food Safety Research Centre of Excellence, McCain's Centre of Innovation at Scarborough, Nestle product technology centre at York, centre of excellence for chocolate, sugar confectionary and biscuits.
- National Centre for Food Manufacturing at Holbeach.
- Four Food Enterprise Zones at Europarc 4 Grimsby, Malton, Holbeach and Central Lincolnshire.
- Home to over 80 real ale breweries. Almost a third of the UK's beer is produced in Yorkshire. Home to Heineken.
- Europe's Largest Ice Cream Manufacturer, world's second largest, based in the region.
- One of the largest shell fishing ports in the UK with a multi-million pound export market.
- Grimsby has the highest number of cold storage facilities in the country, a British Retail Consortium accredited fish market, and is the UK's major centre for chilled/frozen seafood processing, supporting over 5,000 jobs.
- Well established support & supply chains with leading companies in advanced engineering, print and packaging, logistics and electronic tagging / bar-coding

The Humber Local Enterprise Partnership area European Structural Investment Fund Strategy highlights an ambition to:

- support growth in local companies that are developing low carbon products or services or improving their processes to reduce their operational CO2 outputs.
- support SMEs to deploy low carbon solutions and diversify technologies.
- support the ongoing identification and development of new opportunities to exploit innovation as markets develop.
- It recognises the unique relationship the Humber has with its hinterlands as centres for food production and how it is imperative that this sector maintains its productive competitiveness in the years ahead. It highlights specifically the need to work with overlapping Local Enterprise Partnership s to maximise the potential of the food sector going forwards.

The York, North Yorkshire and East Riding Local Enterprise Partnership area European Structural Investment Fund strategy highlights an ambition to:

- support low carbon businesses in a drive to become a global leader in the bio-economy.
- build bio-renewables and low carbon supply chains to develop a circular economy.

The Greater Lincolnshire Local Enterprise Partnership area European Structural



Investment Fund Strategy highlights an ambition to have:

- a World class food production and manufacturing sector that is recognised for its contribution to the UK.
- Priority sectors that are vibrant and growing.
- Strong business to business links and supply chains.
- A renewable energy sector that enhances greater Lincolnshire's environmental credentials.

It recognises a range of issues and opportunities in the sector relevant to this call:

- Energy - energy costs and Water Management .
- Technology – relatively low level of take up of automation and technology.
- Finance – access to finance – food investment pots, for capital equipment, state aid issues, particularly for SMEs.

The three Local Enterprise Partnership areas have identified a series of common themes and the need to support the reduction of carbon and adoption of renewable energy sources across the food sector and associated supply chain through a coordinated approach.

The economic case for reducing carbon emissions and energy use is clear. For example, the Centre for Low Carbon Futures calculated that the 2011 energy bill for the Humber was £2.45 billion per year and that this was forecast to grow to £2.86 billion by 2022 – a £410 million increase in the Humber's annual energy bill. This trend is replicated across the other two Local Enterprise Partnership areas.

As research has shown, a number of operational and cultural issues are apparent that will impact on businesses to investigate and implement low carbon or carbon reducing technologies within their company. Issues include; a lack of time and resource / pressures on resources, resulting in a focus on the short-term and on tried and tested ways of working; entrenched organisational structures and production methods; and a reluctance to embrace change.

Yet reducing carbon can have a range of benefits to the business as well as the environment:

- Reduced costs.
- Increased efficiency.
- Increased competitive advantage.
- Positive PR and media opportunities.
- Positive contribution to Corporate, Social Responsibility agenda.

Local Priorities:

The Humber, York, North Yorkshire and East Riding and Greater Lincolnshire Local Enterprise Partnership areas seek activities which will support Small and Medium-sized Enterprises in the Food Sector and supply chains, with a view to increasing energy efficiency and implementing renewable energy technologies in their

businesses.

This call seeks a single provider to deliver a programme of activity across the whole of the York, North Yorkshire and East Riding, Greater Lincolnshire and Humber Local Enterprise Partnership area geographies. Collaborations between organisations / providers are anticipated.

Activities should include as a minimum:

- Stimulating demand from SMEs in the food sector and supply chains in the Humber, York, North Yorkshire and East Riding and Greater Lincolnshire Local Enterprise Partnership areas to access expertise that can help with reducing carbon emissions.
- Promoting the low carbon agenda through highly visible activity that helps businesses consider the low carbon agenda and the benefits it provides to their business.;
- Delivery of a detailed diagnostic with businesses engaged in the programme to identify opportunities to reduce carbon emissions and implement renewable energy solutions.;
- Provision of grants to companies to enable them to access appropriate expert advice from a range of providers including all, or most, of the following
  - Universities and FE colleges
  - Research and Technology Institutes
  - Technical Consultancies and Catapult Centres
  - Design Advisers
  - Carbon Trust
  - Environmental consultancies
  - Specialist consultants / advisers
- Supporting companies to implement low carbon and renewable energy solutions which will ultimately reduce their energy use and carbon footprint.
- Working with companies to develop low carbon products, machinery and equipment for the food sector and supply chain, finding new solutions to decarbonise existing processes and systems.
- Explore links between companies within the food sector and its supply chain to maximise opportunities for carbon reduction and efficiencies rather than companies being supported in isolation. The programme should identify opportunities for supply chain integration and joint carbon saving – this approach will give the added value that Local Enterprise Partnership areas are looking to achieve through this call.
- Sign-posting to other support, expertise and funding opportunities, in particular opportunities provided by Financial Instruments (Northern Powerhouse Investment Fund, Midlands Engine) and other European Regional Development Fund programmes for example Innovation Support, Grants for Research and Development etc.

For the purposes of this programme of activity, the Food Sector and associated supply chain should include, but is not limited to, the following:

- Food processing
- Cold Storage

- Packaging
- Manufacturing Equipment & Machinery
- Engineering
- Logistics
- Waste Management

Companies involved with primary agricultural production of products listed in Annex 1 to the treaty establishing the European Communities ([https://europa.eu/european-union/sites/europaeu/files/eu\\_citizenship/consolidated-treaties\\_en.pdf#page=63](https://europa.eu/european-union/sites/europaeu/files/eu_citizenship/consolidated-treaties_en.pdf#page=63)) will not be eligible for support through the programme of activity.

Companies that are involved in the supply chain will be eligible for support through this activity - for example manufacturers of equipment to agricultural business. The programme should explore links across the whole of the food sector, and its supply chain, to identify areas where state aid compliant activities to reduce carbon can be supported.

Proposals must demonstrate:

- How the project will ensure York, North Yorkshire, Greater Lincolnshire and Humber-wide coverage.
- How the Applicant will structure the programme of activity and ensure that the activities financed through the scheme will lead to positive outcomes for the business.
- A clear description of the types of business that the applicant will target for each area of activity and how the project plans to attract Small and Medium sized Enterprises to the project.
- How the proposed activity will link into existing wider business support providers and activities for example:
  - Growth Hubs
  - Northern Powerhouse Investment Fund and Midlands Engine
  - Innovation / Research & Development (the subject of three separate calls which closed in May 2016 – see <https://www.gov.uk/european-structural-investment-funds> for full details)
  - European Regional Development Fund business support
  - Carbon Trust Green Business Fund
  - European Agricultural Fund for Rural Development support for Food Processing

Applicants are strongly advised to refer to the European Regional Development Fund Priority Axis 4 Low Carbon Guidance Note published on the Government European Structural Investment Funds web-site when developing an Application.

Applicants should note the following and take this into account during development of Applications:

- Grant funding to support the capital costs associated with the implementation of low carbon solutions or renewable energy generation within the business is

eligible; however direct grant for renewable technologies in receipt of Feed in Tariff or Renewable Heat Incentive (FIT's/RHI) is not eligible for support through Priority Axis 4.

- Investment Priority 4b is focussed on energy efficiency rather than resource efficiency; therefore Applications coming forward under this call must only support energy efficiency measures.

### 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:

<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>
<p><b>Indicative Actions</b></p>	<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>• Supporting an increase in energy efficiency in</li> </ul>

	<p>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</p> <ul style="list-style-type: none"> <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> </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:

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

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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.

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

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

- Value for money
- Deliverability

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

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

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

Potential applicants / applicants may wish to take advantage of information and support services funded through ERDF Technical Assistance and available to assist the design and development of compliant projects / applications for ERDF. Details of

your local Technical Assistance funded project can be found on the [Technical Assistance website page](#).

## 6. General Information

### 6.1. National Eligibility Rules

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

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

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

### 6.2. Eligible Applicants

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

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

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



responsible and liable for the Delivery Partner(s) and ensuring the project is operating compliantly.

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

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

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

The maximum Contribution Rate is 60% (in transitional areas) and 50% (in more developed areas) 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. Applicants will need to demonstrate that they have eligible match funding in place for the balance of costs. Other European Union funds cannot be used as a source of match funding.

European Regional Development Fund investment is limited by State Aid regulations and where the award of European Regional Development Fund would constitute State Aid the European Regional Development Fund grant rate may fall below the 50% maximum.

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

### **6.4. Project Timescales**

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

Projects approved through this call will normally be expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected,

- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected, and
- Be closed by June 2023.

## **6.5. Capital Projects**

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

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

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

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

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

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

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

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

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

## 6.8. State Aid & Revenue Generation

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

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

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

## 6.9. Procurement

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

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

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

## 7. Support

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