



Department for
Communities and
Local Government



European Union
European Regional
Development Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals European Regional Development Fund

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

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors
Call Reference:	OC13R16P 0332
Local Enterprise Partnership Area:	Greater Cambridge Greater Peterborough
LEP Area Indicative Fund Allocation:	£4,000,000
Call Open:	14 April 2016
Call Closes:	23:59 on 17 March 2017
	Review dates: 27 May 2016 26 September 2016

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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 Funds are managed by the Department for Communities and Local Government for European Regional Development Fund, Department for Work and Pensions for European Social Fund and the Department for Environment, Food and Rural Affairs for 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 certain 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 who 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 Fund 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 to 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 move England's economy towards a low carbon model by reducing greenhouse gas emissions, increasing the share of renewable energy and enhancing the energy efficiency of homes businesses and transport.

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 need, as expressed in the scope of this call and as set out in the [Greater Cambridge Greater Peterborough](#) 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 responds to the local development need set out in the [Greater Cambridge Greater Peterborough European Structural and Investment Funds Strategy](#).

<p>Indicative Fund Allocation:</p>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £4,000,000</p> <p>The Managing Authority reserves the right to increase or decrease the indicative allocation, or support more or fewer projects subject to the volume and quality of proposals received.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities/Investment Priorities set out in the call.</p>
<p>Minimum application level</p>	<p>European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £1,000,000 will not be supported under this call.</p>
<p>Duration of project approvals</p>	<p>Projects should be for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.</p>
<p>Geographical Scope</p>	<p>All interventions are confined to activity and beneficiaries within England.</p> <p>Projects should predominantly support businesses based within the whole of the Local Enterprise Partnership area.</p>
<p>Specific call requirements</p>	<p>The Managing Authority reserves the right to close the call prior to the call deadline where applications received exceed the indicative funding allocation.</p> <p>The Managing Authority also reserves the right to amend the content of the call to address areas and indicators of the</p>

	priority axis not covered by applications received to date.
Call Deadlines	For this specific call, applications will be assessed in batches. The review dates are 27 th May 2016, 26 th September 2016 and 3 rd February 2017.

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>Local Economic Context :</p> <p>Supporting the Shift Towards a Low Carbon Economy is identified in the Greater Cambridge Greater Peterborough area Strategic Economic Plan (SEP) as an important element underpinning the growth of a sustainable local economy.</p> <p>The innovation strength of the Greater Cambridge Greater Peterborough area means it takes a strong role in driving a low carbon economy. As a mainly rural area, we have challenges around developing a low carbon transportation network but there are also opportunities for carbon sequestration and low carbon and environmental goods and services. Growth in the Greater Cambridge Greater Peterborough area is also dependent on access to sufficient, affordable low carbon energy supplies and a network distribution infrastructure that accepts decentralised energy and distributes energy to where it is needed.</p> <p>For example, at least 28% of Cambridgeshire’s energy needs for businesses and buildings can be supplied from local energy generation by 2030. Effective distribution networks are needed, with the capacity and technology to manage demand and accept a variety of decentralised, low carbon energy inputs without prohibitive connection costs. This will realise an investment of £2 to £6 billion into local energy infrastructure, creating a total of 11,500 green jobs (Verco, CRIF, 2012). Cambridgeshire’s energy consumption will potentially cost an additional £276 million per year by 2030 (based on 2009 estimates by the Department for Energy and Climate Change) unless we reduce consumption and change how we generate our energy supplies. It is estimated that the total investment potential for energy efficiency using the Green Deal market framework in Cambridgeshire is worth £830m (£684 million domestic and £146 million non-domestic), based on the estimated number of properties that could benefit.</p> <p>The local Cleantech sector has the potential to develop as a third new cluster to complement the ICT and Biotech clusters and deliver new green jobs. This will build on Peterborough’s Environment City credentials and its existing Cleantech sector and links to emerging low carbon Cleantech businesses across the Greater Cambridge Greater Peterborough area. This builds on the Future Cities feasibility study for the Technology Strategy Board (November 2012) which identifies that</p>

resource efficient systems and intelligent infrastructure, e.g. energy, water and transport can use data collected by sensors and other technologies and combined together to create better more energy and resource efficient systems. Developing, integrating and sharing this data across networks and systems can reduce consumption.

Local Priorities:

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

In this call for ERDF proposals, the Greater Cambridge Greater Peterborough area expects projects to be focused on, but not necessarily restricted to, activities that promote:

- Research and innovation in low carbon technologies that can be deployed locally and which may include commercialisation of new technologies;
- Production and distribution of energy derived from renewable sources;
- Local or community level low carbon energy generation;
- Development of the supply chain and local markets for low carbon and environmental goods and services;
- Better assessment of small and medium enterprise energy efficiency and targeted activities to reduce the impact of the organisation on the environment;
- Adoption by enterprises of combinations of energy efficient measures and renewable energy technologies to reduce energy consumption;
- Non-domestic use of low carbon technologies and energy efficiency measures, e.g. deep refurbishment and renovation using innovative systems, processes and materials.

The Greater Cambridge Greater Peterborough area has significant potential to produce local clean energy supplies to support and help facilitate the growth agenda and to reduce energy consumption. Doing this locally will:

- Drive local economic growth and directly benefit the local economy through jobs, contract income and growth in supply chains;
- Provide greater energy security through access to local energy supplies as the area's economy continues to grow;
- Provide energy on a sustainable basis, securing critical supplies for vital services;

- Drive down levels of energy consumption through higher levels of energy efficiency, development of energy efficient products and services and energy waste reduction;
- Help contain energy prices – managing the cost of energy supplies as global competition for fossil fuels increases.

3.3. Operational Programme Investment Priorities

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

Investment Priority	4a – Promoting the production and distribution of energy derived from renewable sources.
Specific Objectives	Increase the number of small scale renewable energy schemes in England.
Indicative Actions	<p>Projects will support micro-energy installations, off-grid energy productions, renewable heat networks and ground and air source heat pumps:</p> <p>The type of measures that might be implemented with support from European Regional Development Fund.</p> <p>Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass • Support to build capability and capacity for supply chains in renewable energy • Demonstration and deployment of renewable energy technologies • Measures to support the wider deployment of renewable heat, including micro-generation, geothermal, renewable heat networks or district heating, ground source and air source heat pumps, and

	<p>biomass systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities, and</p> <ul style="list-style-type: none"> • Anaerobic digestion plants and other biomass or landfill gas schemes.
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Investment Priority	4b – Promoting energy efficiency and renewable energy in enterprises.
Specific Objectives	Increase energy efficiency in particular in Small and Medium sized Enterprises, including through the implementation of low carbon technologies.
Indicative Actions	<p>The main target group is Small and Medium Sized Enterprises.</p> <p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Enhanced advice, support, information and action to promote innovation in businesses and how they operate, in order to deliver best practice in energy management. This will include innovation in energy efficiency and energy cost reduction to improve businesses’ competitiveness and resilience • Support to 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 of 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

	<p>renovations</p> <ul style="list-style-type: none"> • 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 construction techniques to improve the energy efficiency of buildings.
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Investment Priority	4c – Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.
Specific Objectives	Increase the energy efficiency of homes and public buildings, including through the implementation of low carbon technologies.
Indicative Actions	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Provision of advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy systems in housing stock and public buildings • Supporting low carbon innovation in relation to the integrated ‘whole place’ energy management

	<p>approach including energy waste and re-use</p> <ul style="list-style-type: none"> • Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market • Investing in domestic energy efficiency, renewable energy and smart construction techniques • Investment in the development and wider use of Energy Performance Contracting in the public buildings and housing sectors.
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Investment Priority	4e – Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.
Specific Objectives	Increase implementation of whole place low carbon solutions and decentralised energy measures.
Indicative Actions	<p>Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a). Activity under this investment priority is based on a holistic approach to the reduction of greenhouse gas emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies.</p> <p>In order to promote such strategies, examples of actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • investments in local/regional smart grid demonstration projects, including validation and solving system integration issues • sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids • Investments in combined heat and power from renewable sources • Investments to encourage the adoption of renewable technologies.

	<p>A strategic approach is particularly important in the area of low carbon transport, whether for sustainable urban mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:</p> <ul style="list-style-type: none"> • investments in actions aimed at improving the capacity at local level to develop and implement integrated and sustainable transport strategies and plans (including for example actions related to modelling data collection, integrated transport management, operations and services, public consultation etc) to reduce transport related air pollution, in particular retrofit or replacement programmes for bus fleets, incentive schemes for cleaner transport, improved public transport infrastructure and alternative forms of transport • investments in actions aimed at introducing innovative environmentally-friendly and low-carbon technologies (for example, alternative fuel stations or charging points) • investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing, multimodal integrated datasets or cooperative systems) • innovative transport pricing and user charging systems • cycle paths, walkways and waterways only where part of an integrated approach to greenhouse gas reductions.
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Investment Priority	4f – Promoting research and innovation in, and adoption of, low-carbon technologies.
Specific Objectives	Increase innovation in, and adoption of, low carbon technologies.

<p>Indicative Actions</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"> • 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).
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4. Required Outputs under this Call

Projects must deliver against the Priority Axis 4 outputs of the European Regional Development Fund 2014 to 2020 Operational Programme. For projects coming forward under this call the expected outputs and results are:

ID	Output Indicator
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C26	Number of enterprises cooperating with research institutions.
C29	Number of enterprises supported to introduce new to the firm products
C30	Additional capacity of renewable energy production
C31	Number of households with improved energy consumption
C32	Decrease of annual primary energy consumption of public buildings
C34	Estimated greenhouse gas reductions

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund, will achieve the outputs committed to within the proposal. 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 those 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 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:

- 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 Fund 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 Fund 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>

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 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 grant. Applicants are strongly advised to seek specialist advice if in doubt on any requirement.

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, Applicants will enter into a Funding Agreement and must abide by the standard terms and conditions contained therein. 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. Once a Funding Agreement has been issued it should be signed and returned within 30 days, unless otherwise agreed with the Managing Authority.

6.2. Eligible Applicants

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply.

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 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 how and 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 is normally expected to intervene where no other funding can be obtained (i.e. the funder of last resort). The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed.

The maximum Contribution Rate is 50% of the total eligible project costs subject to State Aid regulations.

The remaining 50% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. 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 are 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 completed by June 2023.

6.5. Capital Projects

Applicants seeking European Regional Development Fund to support a capital project (i.e. land and/or property) will need to meet Building Research Establishment Environmental Assessment Method or Civil Engineering Environmental Quality Assessment 'Excellent' for new builds and 'Very Good' for refurbishments.

Applicants will need to provide evidence of how they will achieve the rating required (unless otherwise agreed with the Managing Authority).

Applicants will need to demonstrate that they have the rights and permissions to undertake the project and must provide:

- Proof of current interest in the land and/or property, which includes evidence of the freehold ownership or any lease arrangements that may be in place; and
- Evidence of the approval of any planning permission, or in certain circumstances a clear statement on the process for securing such consents and any risks to the project.

Royal Institute of British Architects Stage D costs must be supplied with the Full Application and be certified by an independent Quantity Surveyor and Land/Property contributions certified by a Real Estate Valuation expert who are current and chartered members of the Royal Institute of Chartered Surveyors/ Chartered Institute of Builders or equivalent body.

Successful Applicants will be required to provide security to the Managing Authority in the form of a Legal Charge and/or Deed of Covenant over the land and/or property. Applicants will be responsible for registering the charge at their own cost.

6.6. Cross Cutting Themes/Horizontal Principles

All applications received under this call should 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 the [European Regional Development Fund Operational Programme](#).

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. Projects need to demonstrate that without the support of European Regional Development Funding the activity would not have taken place.

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.¹ Grant funding to any economic undertaking which is State

¹ Article 107(1) of the Treaty on the Functioning of the European Union provides that: "Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

Aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme or is covered by the De Minimis Regulation. 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.

Where the Applicant does not perceive that there is any State Aid, it should state whether or not it considers Articles 61 and 65(8) of regulation 1303/2013 to apply. Article 61 refers to monitoring revenues generated after completion of the project, and Article 65(8) how to deal with differences in the forecast and actual revenues at the end of the operation. This revenue should be taken into account in calculating eligible expenditure. The details of this will be tested at the full application stage.

6.9. Funding Agreement

The Funding Agreement is a standard, non-negotiable and legally binding document. Any successful Applicant will be subject to the terms and conditions contained within this agreement. Applicants are strongly advised to seek relevant advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Applicants are advised that additional provisions and securities may be included within the Funding Agreement to protect the investment. Detailed advice will be given if appropriate at the Full Application stage.

Failure to meet any of the conditions of the Funding Agreement or the commitments within the application will result in claw back of the Grant (which may include interest).

6.10. 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 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; and

- 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 grant.

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: ee.esif@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; and
- 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; and

- Outputs, Results and Indicators Tables.

10. Document Submission

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

Outline Applications which are not fully completed will be excluded.

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