

2014 to 2020 European Structural and Investment  
Funds Growth Programme

Call for Proposals  
European Regional Development Fund

Priority Axis 5: Promoting climate change  
adaptation, risk prevention and  
management

<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 5: Promoting climate change adaptation, risk prevention and management</b>
<b>Call Reference:</b>	<b>OC08R17P 0617</b>
<b>Local Enterprise Partnership Area:</b>	<b>D2N2</b>
<b>Area Indicative Fund Allocation:</b>	<b>£1,500,000</b>
<b>Call Open:</b>	<b>Wednesday 6 September 2017</b>
<b>Call Closes:</b>	<b>23:59 on Friday 10 November 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](#).

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 5 Promoting climate change adaptation, risk prevention and management**

#### **Investment Priorities:**

- 5b** Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems.

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 5** of the operational programme aims to promote climate change adaptation, risk prevention and management.

Any application for funding will be required to clearly demonstrate that it meets the requirement of, and makes a meaningful contribution to, the delivery of the relevant priority axis of the [European Regional Development Fund Operational Programme](#).

In addition, applications will be expected to meet identified local development needs, as expressed in the scope of this call and as set out in the [D2N2](#) European Structural and Investment Funds strategy.

Applicants are advised to familiarise themselves with the detail of the operational programme, local European Structural and Investment Funds Strategy and the

relevant documentation listed in sections 5 through to 8 **prior to** submitting an outline application.

## 3. Scope of the Call

### 3.1. Scope

This call invites outline applications which support the delivery of priority axis 5 of the European Regional Development Fund operational programme and respond to the local development need set out in the [D2N2](#) European Structural and Investment Funds strategy.

<p><b>Indicative fund allocation:</b></p>	<p>Indicatively, through this call the managing authority expects to allocate up to £1,500,000.</p> <p>The managing authority reserves the right to invite to full application (and subsequently approve) projects that have a cumulative value that is higher or lower than this indicative allocation, subject to the volume and quality of proposals received. The managing authority may also decide to place some projects submitted through this call on a reserve list and invite them to proceed at a later date, subject to the availability of funding.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities / investment priorities set out in the call.</p>
<p><b>Minimum application level</b></p>	<p>European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The managing authority does not intend to allocate less than £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.</p>
<p><b>Duration of project activity</b></p>	<p>Projects should plan to deliver activity for a maximum of three years; however the managing authority reserves the right to vary the maximum duration, upwards or downwards.</p>
<p><b>Geographical scope</b></p>	<p>The England European Regional Development Fund operational programme operates on a National basis. All eligible European Regional Development Fund expenditure must benefit organisations located in England.</p>

<b>Specific call requirements</b>	<b>Please note: Value for Money and alignment with Strategic Domestic 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.
<b>Call deadlines</b>	For this specific call, applications will be assessed after the close of the single deadline.  Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.

### 3.2. Local development need

Projects must deliver activity which directly contributes to the objectives of priority axis 5 of the operational programme, one or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

<b>Local Development Need</b>
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**Local growth priorities:**

In addition to the costs that flooding imposes on existing businesses and communities, the risk of flooding constrains economic growth in parts of the D2N2 area. Land which would otherwise provide a significant resource to support economic development – such as that in the centre of Derby – cannot be developed through the market alone, as the costs of mitigating the flood risk make such schemes financially unviable for private sector developers.

Throughout D2N2 there are locations at risk from flooding, for example the lower Derwent and Derby city is considered to be a Significant Flood Risk Area from a European perspective. As a consequence, local authorities are actively considering the threat to the health and wellbeing of residents and businesses as they develop their respective Local Flood Risk Management Strategies.

There are active prevention and mitigation measures in Derby (River Derwent Flood Prevention Plan) and Nottingham (the Nottingham Left Bank Flood Scheme) and it is important that businesses and key employment areas are able to thrive in the vicinity of new investment. Residential communities, businesses, major routes in the city, and the Derwent Valley Mills World Heritage Site, would all be affected during a major flood from the Derwent. Fluvial flood risk is also evident at a number of locations within the Peak District.

There is a need to plan and invest in economic development in a way that allows development to go ahead whilst ensuring that investments in businesses and communities can continue to be protected over time.

Attracting partnership funding (e.g. from private sector partners) for flood defence schemes (whether capital or green infrastructure schemes) to support sustainable economic development is more difficult, particularly in areas such as parts of D2N2 where the commercial property market is weak and the returns on investment make market-led development financially unviable.

The result is that the market will not support the development of sites which are potentially at risk of flooding, leaving areas in D2N2 with a sub-optimal supply of land available for economic development and constraining potential economic growth.

D2N2 partners wish to protect existing economic assets and those that will be created through delivery of this European programme and other local and national growth initiatives to ensure the economy is able to achieve the ambitious growth targets which have been agreed. A failure to effectively manage flood risks could damage economic growth, by impacting on commercial operations, hampering access to premises and markets and disrupting supply chains.

**Local priorities:**

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

The European Regional Development Fund Operational Programme for England 2014 to 2020 specifies that investment under this priority axis is targeted on areas where exposure to flood risk, the impacts of climate change and related constraints on economic growth are most significant. Within D2N2 the priority area is the Lower Derwent (Derby).

Whilst the level of funding allocated to this objective is not sufficient to fully fund a large number of flood risk management schemes, the potential economic impact of such schemes is so significant to the D2N2 area that we wish to ensure that some European Regional Development Funding is available to support schemes where this will enable them to progress more quickly. We will ensure that the resources available are carefully targeted so that they are used where they will unlock the greatest economic impact and lever in significant amounts of funding from elsewhere.

### **Current Investment Plans**

Proposals to promote investment to address specific risks, ensure disaster resilience and develop disaster management systems should complement or enhance current and planned flood management investment programmes to allow D2N2 to continue to deliver its economic development aspirations, which include the 'Our City Our River' Flood Defence scheme in Derby.

Derby is one of the key drivers of the D2N2 economy, home to many strategically important companies (including in the productive and export intensive Transport Equipment Manufacturing sector) and provides well-paid employment for many residents of surrounding areas.

The Environment Agency (EA) has identified that 2,250 properties in the city are at risk of flooding in a major flood event, including nearly 800 businesses and key elements of the economic infrastructure. The impact of a severe flood event (estimated at a 1 in 100 chance every year) on the economy of the city and wider D2N2 area (as well as on civilian life) would be significant.

### **The D2N2 Core Delivery Principles**

D2N2 European Structural and Investment Fund Programme Board have agreed a set of Core Delivery Principles (<http://www.d2n2lep.org/EUFunding/D2N2-ESIF-Core-Delivery-Principles>) that define how it considers a good European Structural and Investment Fund project should operate. They crystallise the preferred approach articulated in the D2N2 European Structural and Investment Fund Strategy. In particular, D2N2 wants to get maximum benefit for the economy from its European Regional Development Funds through fewer, larger projects of impact and scale with funded projects offering complimentary and co-ordinated support. D2N2 will consider how applications meet the Core Delivery Principles in formulating its commentary and advice on their local strategic fit.



## **The D2N2 Growth Hub**

The D2N2 Business Growth Hub draws business support activity together by providing a telephone helpline; on line service ([www.d2n2growthhub.co.uk](http://www.d2n2growthhub.co.uk)) with a range of professional business advisers available to provide a bespoke diagnostic and growth package for businesses. Its aim is to simplify the business support offer of many local and national partners to help businesses more easily find the right support. Applicants should demonstrate how any business-facing aspects of their proposal will relate to the D2N2 Growth Hub.

## **The D2N2 Priority Sectors**

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

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

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

## **Local Flood Risk Plans**

Actions supported under this priority axis will need to comply and deliver aspects of the relevant local flood risk plan, in this case the Lower Derwent Flood Risk Management Strategy. (copy available from D2N2 LEP) Applicants should also have due regard to the Lower Derwent section of the Humber Flood Risk Management Plan [www.gov.uk/government/publications/humber-river-basin-district-flood-risk-management-plan](http://www.gov.uk/government/publications/humber-river-basin-district-flood-risk-management-plan).

## **Technical Assistance**

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

### 3.3. Operational programme investment priorities

Applications must specify the activities to be delivered and must directly contribute to **one or more** of the following investment priorities:

<p><b>Investment priority</b></p>	<p><b>5b – Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems.</b></p>
<p><b>Specific objectives</b></p>	<p>Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure.</p>
<p><b>Indicative actions</b></p>	<p>England has a particular vulnerability to extreme weather, climate change and flood and coastal risk because it has areas of high population and economic density that are exposed to the increasingly dynamic impacts of North Atlantic low pressure systems.</p> <p>The specific objective is to target investment of European Regional Development Fund into measures that safeguard and enable sustainable economic growth in these contexts. It will help ensure that ‘at risk’ communities, businesses and their local economy can adapt. As a result they will be able to contribute to and benefit from sustainable local economic growth</p> <p>European Regional Development Fund, along with European Agricultural Fund for Rural Development where relevant, will be used to complement the UK Government’s Flood and Coastal Risk Management Grant in Aid and other domestic investment, as per the Flood and Coastal Resilience Partnership Funding Policy. This will help to achieve viability for schemes that have a high potential economic development and growth value but that have relatively low eligibility to domestic flood and coastal resilience funding which focuses more on residential properties.</p> <p>Flood mitigation measures will support the protection of major employment areas and small and medium sized enterprises and unlock derelict, underused or neglected land on strategically important sites/areas identified as central to realising growth aspirations. This will include</p>

incorporation of flood risk management and river restoration into the design and lay outs of employment sites and surrounding areas, so that flood risk and surface water management is actively addressed in a sustainable way such as though green and blue infrastructure.

Flood mitigation and associated environmental measures will also aim to bring back into use, in a sustainable way (such as through green and blue infrastructure), dormant land identified as strategically important for business growth and employment and in need of remediation.

Investment under this priority axis is being targeted at areas where exposure to flood and coastal risk, the impacts of climate change and related constraints on economic growth are most significant. The focus of investments will be on, but not limited to, areas of the East coast, North West and South West of England.

The focus will be on sections of coasts and rivers that are most susceptible to these risks, identified as priorities for sustainable economic growth and where European Regional Development Fund investment can be matched and aligned with other sources to make appropriate risk management actions affordable.

Along the East Coast priority areas will be but not limited to; the Tees the Team Valleys; the Northumbrian and Yorkshire Coasts; the River Aire and Calder; the Humber Estuary; the Lower Derwent (Derby); the Lincolnshire Coast; and the Norfolk Coast. In the North West the focus will be on, but not limited to, addressing coastal and fluvial constraints to towns with growth opportunities in Cumbria and Lancashire. In Cornwall and the South West, it will help to address coastal and flood risks to settlements with the greatest sustainable development potential.

Actions, specific to the needs and circumstances of the prioritised locations, will be both “hard and soft” and determined via an options appraisal process. The types of actions and their estimated proportions of them can be broken down into three headings: coastal resilience, fluvial risk management and surface water run-off and drainage systems. In many contexts it will require a combination of

measures to address an interaction of sources of risks to deliver the specific objective.

### **Coastal resilience**

- Managed realignment and mitigation of coastal squeeze
- Shoreline re-nourishment and cliff and dune system stabilisation
- Harbour, port and waterfront enhanced protection and adaptations. These investments are not linked to transport
- Improvements to coastal frontages and seawalls
- Strengthening and extending of estuary embankments

### **Fluvial risk management**

- Onsite or upstream attenuation and slowing the flow measures
- Diversion channels
- Raising strengthening and/or extending river walls and frontages
- Fixed and temporary barriers and gates
- Stepped back embankments
- Resilience measures for business infrastructure, including for example wet or dry flood-proofing
- River restoration and improved conveyance measures

### **Surface water run-off and drainage systems**

- Integration, including retrofitting, of surface water and run off management measures into urban and commercial redevelopments

	<ul style="list-style-type: none"> <li>Innovative measures in contexts where flood risk and land management relies on pumping and inter-relates with drainage</li> </ul> <p>Across all three, there may be actions to promote knowledge transfer and exchange of information relating to adaptations to climate change, risk management and resilience.</p>
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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 programme-level outputs for priority axis 5.

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 5b</b>	
Output reference	Name
C23	Surface of habitats supported to attain better conservation status
P6	Businesses and properties with reduced flood risk

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.

Projects will only be supported if they demonstrate good value for money. An important consideration when assessing value for money is the level of European Regional Development Fund outputs that the project would deliver.

The managing authority has not set specific output targets for this call and does not publish average or expected unit costs.

The local European Structural and Investment Fund strategy for each local enterprise partnership area includes details of the local, notional European Regional Development Fund allocation to each priority axis and the type and number of

European Regional Development Fund outputs that are expected in return for this investment.

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 and 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; and
  - 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; and
- Deliverability.

Having assessed projects against these criteria the relevant local enterprise 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

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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.

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](#).

Please note:

Actions supported under this priority axis will need to comply and deliver aspects of the relevant local flood and coastal risk plan and where relevant the shoreline management plan of the context. Where they are aligned and are integrated with measures being implemented as part of the domestic Government-funded FCRM six year (capital) investment programme they will need to be selected in accordance with FCRM appraisal guidance. This guidance clearly identifies the importance of valuing and preference in favour of approaches which sustain and enhance the natural and built environment, habitat and biodiversity.

Preference will be given towards using natural approaches to flood risk and water management which also have biodiversity benefits (green and blue infrastructure) as opposed to hard infrastructure, where possible and appropriate.

Investments will take account of the UK's National Planning Policy Framework which includes requirements for local planning authorities to "set out a strategic approach in their Local Plans, planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure".<sup>3</sup>

Where an investment is planned for a site that is designated as part of the Natura2000 network, or sits in proximity to such a site, reference should be made to the Prioritised Action Framework to ensure any proposed interventions complement the designated site's objectives.

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<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60777/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60777/2116950.pdf)



## 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 to 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 that are successful at the outline application stage. Checks will be carried out following notification of a successful outline application and may exclude applicants from further consideration. These checks will include assessment of the applicant's financial standing including ability to deal with cost overruns, the ability to cash flow a project in arrears and absorb a financial irregularity.

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 and match funding**

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

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

The remaining 50% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. During the application process applicants will need to satisfy the managing authority that they have, or are able to put in place eligible match funding for the balance of costs. Other EU 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 within the agreed timescale as stated in the Grant Funding Agreement; and
- Be closed by June 2023.

## 6.5. Project extensions

Existing grant recipients whose projects:

1. Do not involve the direct development of premises or infrastructure; and
2. Have a funding agreement that ends/has a financial completion date during the period of this call or within 18 months of the closing date of this call; and
3. Whose project addresses the priorities set out in section 2

May apply for a second phase of delivery – this will be expected to be in the same form as the current project ( i.e. a genuine continuation of activity) but may reflect improvement/some change to reflect experience of phase 1. The application must be made using the standard outline application form. Where changes to phase 1 are significant, these should be presented as a new application. Projects may apply to be extended for up to 3 years.

Applications in respect of the development of premises or other infrastructure should be presented as new projects, this includes applications that have a link to an existing ERDF project e.g. further phases of the development of sites or premises.

**Please note** - Extensions to existing projects will be assessed against the criteria set out in this call in the same way as ‘new’ projects. There is no guarantee that extensions will be selected. Extension requests relating to projects that end more than 18 months after the closing date of the call or do not meet the requirements set out in this call will be rejected. The applicant’s track record and the performance of existing contracts will be taken into account during the assessment process.

## 6.6. 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' Subject to projects having the necessary scale to warrant a CEEQUAL award;
- For some flood projects where there is multiple land ownership, ERDF accepts that all the necessary planning, granular budgets and agreements will not necessarily be in place at the time of the submission of the full application. A number of milestone points will be agreed when the detailed costing and permission will be provided to DCLG without which no claims will be accepted; and
- Any cost overrun will not necessarily receive ERDF support.

## **6.7. 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](#).

Green infrastructure projects seeking funding under priority axis 5 require both a wider strategic overview to ensure maximum benefits, and a future management plan.

Applications for projects delivering carbon savings will need to include a coherent and transparent methodology for measuring the savings.

## **6.8. 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.

## **6.9. State Aid and 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.

## 6.10. 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 EU 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; and
- Maintain competitiveness and fairness across the EU.

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

## 7. Support

Please note that this is a competitive call and to preserve impartiality the managing authority and, where appropriate, the intermediate body are unable to enter into correspondence with applicants over their outline application. Details of where guidance can be found are contained throughout this call document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: [em.erdfenquiries@communities.gsi.gov.uk](mailto:em.erdfenquiries@communities.gsi.gov.uk).

## 8. Key Documents

- European Regional Development Fund operational programme;
- Outline application form;
- Outline application form guidance;

- Local enterprise partnership area's European Structural and Investment Funds strategy;
- Eligibility guidance;
- Target definitions; 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 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.