

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>OC50R18P 0830</b>
<b>Local Enterprise Partnership Area:</b>	<b>Multi LEP Area Call – HUMBER (Lead LEP area) &amp; YORK, NORTH YORKSHIRE AND EAST RIDING</b>
<b>Area Indicative Fund Allocation:</b>	<b>£12,216,227 of which:  £3,105,689 more developed £9,110,537 transition</b>
<b>Call Open:</b>	<b>Friday 5 October 2018</b>
<b>Call Closes:</b>	<b>23:59 on Friday 23 November 2018</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 funding for ERDF projects that are contracted by the end of 2020.

All contracted ERDF projects must be completed by the end of the programme period, 31 December 2023. Each application for ERDF will be required to demonstrate that it delivers good value for money and domestic strategic priorities.

The Funds are managed by the Department for Communities and Local Government for the European Regional Development Fund, Department for Work and Pensions for the European Social Fund and the Department for Environment, Food and Rural Affairs for the European Agricultural Fund for Rural Development. These Departments are the managing authorities for each Fund. In London, the Greater London Authority acts as an intermediate body for the European Regional Development Fund and European Social Fund programmes. In some other areas, intermediate bodies are being designated by the Department for Communities and Local Government and the Department for Work and Pensions to perform the following tasks:

- Input into project calls in respect of local development needs (with reference to ESI Funds strategies); and
- Assessment of applications against certain selection criteria in relation to fit with local priorities in respect of the European Regional Development Fund and European Social Fund.

The Managing Authorities and intermediate bodies work closely with local partners on ESI Funds sub-committees in each local enterprise partnership area. Partners on these sub-committees provide:

- Practical advice and information to the managing authorities to assist in the preparation of local plans that contribute towards operational programme priorities and targets;
- Local intelligence to the managing authorities (or intermediate bodies where designated) in the development of project calls that reflect operational programme and local development needs as well as match funding opportunities; and

- Advice on local economic growth conditions and opportunities within the context of the operational programme and the local European Structural and Investment Funds strategy to aid the managing authorities' (or intermediate bodies where designated) assessments at outline and full application stage.

This call is issued by the Department for Communities and Local Government and invites outline applications in respect of the European Regional Development Fund for England 2014 to 2020.

## 2. Call Context

On behalf of the national Growth Programme Board, the Department for Communities and Local Government (the managing authority) invites applications seeking European Regional Development Fund support under:

### **Priority Axis 4 Supporting the Shift towards a Low Carbon Economy in All Sectors**

#### **Investment Priorities:**

- 4a** Promoting the production and distribution of energy derived from renewable resources.
- 4b** Promoting energy efficiency and renewable energy use in enterprises.
- 4c** Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.
- 4e** Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.
- 4f** Promoting research and innovation in, and adoption of, low-carbon technologies.

The **European Regional Development Fund operational programme for England 2014 to 2020** sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority axis 4** of the operational programme aims to support the shift to low carbon economy in all sectors.

Any application for funding will be required to clearly demonstrate that it provides good value for money and supports domestic strategic priorities including the 2017 [Industrial Strategy](#) (or any later publication that amends or supersedes that).. Applications must meet the requirement of, and make a meaningful contribution to, the delivery of the relevant Priority Axis of the [European Regional Development Fund Operational Programme](#) and where appropriate should reflect how such support will aim to improve productivity levels within small and medium sized enterprises.

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 [Yorkshire, North Yorkshire and East Riding local enterprise partnership area](#) European Structural and Investment Funds strategy and [Humber local enterprise partnership area](#) European Structural and Investment Funds strategy.

Applicants are advised to familiarise themselves with the detail of the operational programme, local European Structural and Investment Funds Strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting an outline application.

### 3. Scope of the Call

#### 3.1. Scope

This call invites outline applications which support the delivery of priority axis 4 of the European Regional Development Fund operational programme and respond to the local development need set out in the [Yorkshire, North Yorkshire and East Riding local enterprise partnership area](#) European Structural and Investment Funds strategy and [Humber local enterprise partnership area](#) 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 £12,216,227.</p> <p>The indicative funds are split by LEP area and category of region as follows:</p> <p>Humber (transition) £6,704,720          York, North Yorkshire and East Riding (transition) £2,405,817          York, North Yorkshire and East Riding (more developed) £3,105,689.</p> <p>The managing authority reserves the right to invite to full application (and subsequently approve) projects that have a</p>
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	<p>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>
<b>Minimum application level</b>	<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.</p> <p>Where a project under investment priority 4a is supporting micro generation only, the project value can have a total value of <b>£500,000</b> instead of the standard <b>£1 million</b> as the nature of the project involves the delivery of small scale renewables which require a smaller project size”.</p>
<b>Duration of project activity</b>	<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>
<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 of this call.</p>
<b>Specific call requirements</b>	<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 region)</li> <li>• East Riding (transition region).</li> </ul> <p>The Humber is a transition region.</p>

	<p>Projects applying to this call may delivery activity across a single LEP area/category of region, or deliver across the full YNYER/Humber area (both categories of region). In all cases, applicants must present a clear rationale for the area proposed, outlining how this responds to local demand and confirming that capacity is in place to deliver across the proposed geography.</p> <p>Applicants are strongly advised to refer to the <a href="#">Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors; Guidance Advice</a> published by the managing authority when developing an Application.</p> <p>Applicants should also refer to the <a href="#">ERDF Operational Programme</a> in order to ensure that proposed activities are aligned to the objectives of ERDF Priority Axis 4 and are eligible within the scope of described indicative activities.</p> <p>Outline Applications should express how proposals will contribute towards the delivery of the priorities set out in the Government’s <a href="#">Industrial Strategy</a> and the <a href="#">Humber’s Industrial Strategy Blueprint</a>.</p> <p>As part of capital investment, particularly in investment priority 4c, proposals are encouraged to consider measures to promote energy awareness and behavioural change, so as to facilitate maximum realisation of the benefits of the energy efficiency technologies being introduced.</p> <p>Please note: Value for Money and alignment with Strategic Domestic Priorities <b>including the 2017 <a href="#">Industrial Strategy</a></b>, (or any later publication that amends or supersedes that) 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>	<p>For this specific call, applications will be assessed after the close of the single deadline.</p> <p>Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.</p>

### 3.2. Local development need

Projects must deliver activity which directly contributes to the objectives of priority axis 4 of the operational programme, one or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

## Local Development Need

### Local growth priorities:

The understanding and evidence base of the climate change impacts of global carbon emissions are ever increasing at a time when fossil fuel supplies are ever depleting. The European Union is leading the transition to a low carbon economy across the world. Governments and major corporations are recognising this through legislation, targets and incentives, in order to stimulate the move to a low carbon economy. Whilst there is a pressing need to reduce carbon emissions by developing alternative energy supplies to avert the worst consequences of climate change, the transition to a low carbon economy represents a significant opportunity for economic growth. This opportunity is recognised by the Humber and the York, North Yorkshire and East Riding Local Enterprise Partnership area European Structural and Investment Funds strategies.

### Challenges

To put the challenge of low carbon transition into a local perspective it is important to recognise that due to a concentration of carbon intensive industries, the Humber has amongst some of the highest end-user emissions in the country. Although CO<sub>2</sub> emissions per capita from the York, North Yorkshire and East Riding Local Enterprise Partnership area have reduced between 2005-2011, more needs to be done as, in most places, reductions have been significantly below the national and regional averages. The geography of the combined LEP areas is characterised by intensive industry and rural areas, resulting in higher than average CO<sub>2</sub> emissions caused by industry, power generation, road transport and the agri-food sector.

Research conducted in the development of the YNYER Local Energy Strategy (Energy Baseline Report, 2017), shows that YNYER LEP area sectoral emissions are highest for the utilities; land transport, storage and post; metal products; and fuel refining sectors. It forecasts the highest growth in carbon emissions towards 2036 within the utilities and land transport, storage and post for the YNYER area.

This research shows that a 'business as usual scenario' will lead to the area not meeting the UK's fourth and fifth carbon budgets. Under a 'business as usual' scenario, the study predicts the area's carbon emissions will fall by a further 19% by 2035, but for the UK to meet its targets, its emissions need to fall by 33% by 2035 (University of Leeds Study). Further efforts must therefore be made if YNYER are to make their full contribution to national and global efforts to address climate change.

### Opportunities

The Stern Review: the Economics of Climate Change was published in 2006 by HM Treasury, and subsequent 'Mini Stern Reviews' have been produced for the Humber Region and for the City of York by the Centre for Low Carbon Futures. These studies examine the evidence on the economic impacts of climate change, and explore the economics of stabilising greenhouse gases in the atmosphere.

The 'Mini Stern Reviews' recognise that decarbonising local economies should be possible and the economic returns on investment could be 'very significant indeed'.



Many of the measures outlined in the reviews would pay for themselves in a relatively short period of time, they would generate significant levels of employment and economic growth in the process, and could provide a wider range of indirect benefits such as job creation in the low carbon and environmental goods and services sector.

The YNYER LEP is undertaking a programme of work to move towards the circular economy. Emerging priority sectors have been identified through economic analysis and assessment of circularity potential. These include agriculture and food, manufacturing, construction, water and waste management.

Existing research at the national level suggests that carbon savings can be made from designing out waste in the following sectors: construction; vehicle manufacturing; food and drink; electronics and appliances; clothing and textiles (CIEMAP).

The YNYER ESIF 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 Humber ESIF strategy similarly aims to provide a comprehensive package of support to build the growth capabilities of SME's, foster a more entrepreneurial culture, stimulate innovation and build the market in low carbon good and services.

The **circular economy** aims to create an economy powered by renewable energy, where waste and other negative externalities such as waste and air pollution are designed out of systems. Applying circular economy principles to manage materials and resources throughout supply chains has the potential to lead to significant carbon savings.

Stakeholder engagement has identified that there are opportunities in the Humber and YNYER LEP areas to improve industrial processes and design out waste. However, engagement has identified a need for business support to enable businesses to realise such opportunities.

### **Local priorities:**

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

This call invites capital and revenue proposals which will support the shift to a low carbon economy in one, or both, LEP areas.

The call provides an opportunity for delivery across the range of indicative activities as outlined in Section 3.3 of this call, and the following areas of activity are

particularly sought:

- Energy efficiency measures that deliver CO<sub>2</sub> savings through a programme of business support, to provide support and advice to SMEs to introduce and promote circularity potential within these organisations;
- Investments in combined heat and power from renewable sources;
- Projects that will support and deliver energy efficiency, smart energy management and renewable energy use in public infrastructure (including housing).
- Projects looking to implement 'whole place' solutions, considering water, waste, heat energy, transport and embodied energy in materials.

Proposals may target specific sectors, if deemed appropriate. Where projects are targeted at specific sectors, applicants should clearly explain the basis of this targeting and how this responds to priorities for action identified within the LEP areas, citing relevant research/strategies.

### **Alignment with Growth Hub:**

All proposals should complement the activity of the [YNYER Growth Hub](#) and/or [Humber Growth Hub](#) (as appropriate, based on project geography).

The Humber and YNYER LEP areas are committed to simplifying the business support landscape and removing duplication where it exists; their business-facing functions are conducted by Growth Hubs. The Hubs provide businesses with a trusted, single point of contact that can quickly and efficiently help them to access the right form of support at the right time, with the minimum disruption.

It is strongly recommended that applicants engage with each Growth Hub to discuss how their proposed delivery will be complementary to its services. When submitting their application, the applicant should detail exactly how it has agreed to work with each Growth Hub and how it is contributing towards the principles of simplifying the business support landscape and removing duplication.

In order to discuss relationships with each Growth Hub, applicants should get in touch with the following colleagues:

#### YNYER Growth Hub

Simon King, Growth Hub Development Manager

[Simon.king@businessinspiredgrowth.com](mailto:Simon.king@businessinspiredgrowth.com)

#### Humber Growth Hub

Jon Brunton, Growth Hub Manager

[j.brunton@humberlep.org](mailto:j.brunton@humberlep.org)

### **Wider alignment:**

- Proposals should align with the development of the YNYER's Local Energy Strategy and Local Energy Hub. The Local Energy Hub is managed by Tees Valley Combined Authority; proposed activities should support collaboration

between LEPs and emerging priorities.

- Applicants may wish to refer to the Energy Intensive Industry Cluster study available from the Humber LEP – [k.oliver-spry@humberlep.org](mailto:k.oliver-spry@humberlep.org)
- Applicants should note that it is a requirement for project’s coming forward under investment priorities 4a and 4e to have in place a low carbon strategy(s) that will provide a framework for measuring activities that reduce CO2 emissions. Within the outline application applicants will need to detail which low carbon strategy(s) will be used as the framework to deliver the activity.

In order to assist with identification of relevant strategies, applicants are strongly advised to review the [Humber & YNYER Low Carbon Strategy Audit](#) undertaken East Riding of Yorkshire Council Sustainable Development Team for the Humber Technical Assistance Partnership.

- Proposals should demonstrate how they will contribute towards the delivery of priorities set out in the [UK’s Industrial Strategy](#) and the [Humber’s Industrial Strategy Blueprint](#).

### 3.3. Operational programme investment priorities

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

<b>Investment priority</b>	<b>4a – Promoting the production and distribution of energy derived from renewable sources.</b>
<b>Specific objectives</b>	Increase the number of small scale renewable energy schemes in England.
<b>Indicative actions</b>	<p>Projects will support micro-energy installations, off-grid energy productions, renewable heat networks and ground and air source heat pumps:</p> <p>Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and</li> </ul>

	<p>biomass;</p> <ul style="list-style-type: none"> <li>• Support to build capability and capacity for supply chains in renewable energy;</li> <li>• Demonstration and deployment of renewable energy technologies;</li> <li>• Measures to support the wider deployment of renewable heat, including micro-generation, geothermal, renewable heat networks or district heating, ground source and air source heat pumps. Also including biomass systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities; and</li> <li>• Anaerobic digestion plants and other biomass or landfill gas schemes.</li> </ul>
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<b>Investment priority</b>	<b>4b – Promoting energy efficiency and renewable energy in enterprises.</b>
<b>Specific objectives</b>	Increase energy efficiency in particular in small and medium sized enterprises, including through the implementation of low carbon technologies.
<b>Indicative actions</b>	<p>The main target group is small and medium sized enterprises.</p> <p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Enhanced advice, support, information and action to promote innovation in businesses and how they operate, in order to deliver best practice in energy management. This will include innovation in energy efficiency and energy cost reduction to improve businesses’ competitiveness and resilience;</li> <li>• Support to businesses to undertake ‘green’ diagnostics or audits of energy efficiency and potential for</li> </ul>

	<p>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;</p> <ul style="list-style-type: none"> <li>• Investing in energy efficiency measures, processes and renewable generation capacity to improve a business' or building's environmental performance or its resilience to the impacts of climate change;</li> <li>• Investing in measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations;</li> <li>• Supporting an increase in energy efficiency in enterprises including an emphasis on 'whole place' especially through improving industrial processes, designing out waste, recovery of 'waste' heat energy and combined heat and power;</li> <li>• Supporting increased small and medium sized enterprises access to national and local government procured contracts for energy efficient goods and services;</li> <li>• Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices; and</li> <li>• Building retrofit and energy efficiency measures, especially whole building solutions to exemplify, and support the commercialisation of next phase technologies which are near to market, and low carbon construction techniques to improve the energy efficiency of buildings.</li> </ul>
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<p><b>Investment priority</b></p>	<p><b>4c – Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.</b></p>
<p><b>Specific objectives</b></p>	<p>Increase the energy efficiency of homes and public buildings, through the implementation of low carbon technologies.</p>

<p><b>Indicative actions</b></p>	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Provision of advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy systems in housing stock and public buildings;</li> <li>• Supporting low carbon innovation in relation to the integrated ‘whole place’ energy management approach including energy waste and re-use;</li> <li>• Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market;</li> <li>• Investing in domestic energy efficiency, renewable energy and smart construction techniques; and</li> <li>• Investment in the development and wider use of Energy Performance Contracting in the public buildings and housing sectors.</li> </ul>
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<p><b>Investment priority</b></p>	<p><b>4e – Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.</b></p>
<p><b>Specific objectives</b></p>	<p>Increase implementation of whole place low carbon solutions and decentralised energy measures.</p>

**Indicative actions**

Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a). Activity under this investment priority is based on a holistic approach to the reduction of greenhouse gas emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies.

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

- Investments in local/regional smart grid demonstration projects, including validation and solving system integration issues;
- Sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids;
- Investments in combined heat and power from renewable sources; and
- Investments to encourage the adoption of renewable technologies.

A strategic approach is particularly important in the area of low carbon transport, whether for sustainable urban mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:

- 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

	<p>ticketing, multimodal integrated datasets or cooperative systems);</p> <ul style="list-style-type: none"> <li>• Innovative transport pricing and user charging systems;</li> <li>• Cycle paths, walkways and waterways only where part of an integrated approach to greenhouse gas reductions.</li> </ul>
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<b>Investment priority</b>	<b>4f – Promoting research and innovation in, and adoption of, low-carbon technologies.</b>
<b>Specific objectives</b>	Increase innovation in, and adoption of, low carbon technologies.
<b>Indicative actions</b>	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Research and development, innovation and supply chain work for low carbon technologies and materials, including; wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries;</li> <li>• Research underpinning carbon capture and storage, taking account of the restrictions laid down in Article 3.3.b of the European Regional Development Fund;</li> <li>• Technology centres of excellence and test facilities, including relevant catapult centres;</li> <li>• Renewable technologies in the United Kingdom renewable energy roadmap;</li> <li>• Research, development, demonstration and adoption of technologies and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric,</li> </ul>



	hybrid and hydrogen); <ul style="list-style-type: none"> <li>• Knowledge transfer with higher education / further education institutions and businesses;</li> <li>• Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes;</li> <li>• Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings;</li> <li>• Demonstration and deployment of decentralised renewable energy technologies; and</li> <li>• Research, development and innovation and supply chain development for low carbon and resource efficient technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions and the use of secondary materials).</li> </ul>
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## 4. Required Outputs under this Call

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund will achieve the programme-level outputs for priority axis 4.

For projects proposing to deliver activity against more than one investment priority, the appropriate outputs should be selected. Project will be required to report on, and evidence, the achievement of the outputs separately under each investment priority.

For projects coming forward under this call the expected outputs and results are:

<b>Investment Priority 4a</b>	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C30	Additional capacity for renewable energy production

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

<b>Investment Priority 4c</b>	
Output reference	Name
C31	Number of households with improved energy consumption
C32	Decrease of annual primary energy consumption of public buildings
C34	Estimated annual decrease of greenhouse gases

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

<b>Investment Priority 4f</b>	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C26	Number of enterprises cooperating with research entities
C29	Number of enterprises supported to introduce new to the firm products
C34	Estimated annual decrease of greenhouse gases

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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.

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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.

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 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 European Regional Development Fund Technical Assistance and available to assist the design and development of compliant projects / applications for the European Regional Development Fund. 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 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% (in more developed areas) and 60% (in transition 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. 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% or 60% maximum.

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

#### **6.4. Project timescales**

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

Projects approved through this call will normally be expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected;
- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected; and
- Be closed by June 2023.

#### **6.5. Project extensions**

Existing grant recipients whose projects:

1. Do not involve the direct development of premises or infrastructure;
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. 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 the first phase of the project. The application must be made using the standard outline application form. Where changes to the first phase of the project are significant, these should be presented as a new application. The relevant Growth Delivery Team will apply judgment in considering the significance of any change. 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 European Regional Development Fund 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’; and
- Infrastructure projects will normally be expected to achieve the Civil Engineering Environmental Quality Assessment rating of ‘Very Good’.

## **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](#).

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 greenhouse gases reductions in line with the Climate Change Act 2008.

### **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: [YH.erdfenquiries@communities.gov.uk](mailto:YH.erdfenquiries@communities.gov.uk)

Whilst the decision of the managing authority is final, if you think consideration of your application has not followed the published ERDF process, please refer to the MHCLG complaints procedure available on [GOV.UK](http://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);
- Summative assessments guidance; and
- 2017 [Industrial Strategy](#) (or any later publication that amends or supersedes that).

## 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. Applicants are asked to quote the call reference and project name in the subject line of your email as this will greatly assist the managing authority.

Outline application forms not received by the deadline will not be assessed. Outline applications which are not fully completed will be excluded.

The managing authority will normally acknowledge receipt of your application by email.

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.