

2014 to 2020 European Structural and Investment
Funds Growth Programme

Call for Proposals
European Regional Development Fund

Sustainable Urban Development Strategy:
Leeds City Region – Integrated Actions for Sustainable
Urban Development

Managing Authority:	Ministry of Housing, Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	<ul style="list-style-type: none"> • Priority Axis 3: SME Competiveness • Priority Axis 6: Preserving and Protecting the Environment and Promoting Resource Efficiency
Call Reference:	OC05R18S 0898
Local Enterprise Partnership Area:	Leeds City Region
Sustainable Urban Development Strategy	Leeds City Region – Integrated Actions for

	Sustainable Urban Development
Indicative Fund Allocation(s)	Priority Axis: PA3 – £4,000,000 PA6 - £3,000,000
Call Open:	Thursday 10 January 2019
Call Closes:	23:59 on 22 February 2019

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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 West Yorkshire Combined Authority has been designated as an intermediate body for the [Leeds City Region Sustainable Urban Development Strategy](#) (see annex 4) to perform the following tasks:

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

The managing authorities and intermediate bodies work closely with local partners on ESI Funds sustainable urban development 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 intermediate body 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 intermediate body's assessments at outline and full application stage.

This call is issued by the Ministry of Housing, 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 Ministry of Housing, Communities and Local Government (the Managing Authority) invites applications seeking European Regional Development Fund investment to support delivery of the [Leeds City Region](#) Sustainable Urban Development strategy. Applications are invited under the priority axis of the European Regional Development Fund operational programme set out in the tables below.

Under this call an application can be made for a project:

- That would be funded from one of the investment priorities set out below – projects need not meet the requirements of all of the priority axis; and
- That would be funded from more than one of the priority axis set out below.

Applications made under more than one priority axis should be for a coherent project that clearly links concurrent or sequential activities under each priority axis. Please note the limits on project duration set out in section 6.4 when considering whether to apply under more than one priority axis, particularly if the activities under the priority axis are sequential.

Priority Axis 3 Enhancing the Competitiveness of small and medium sized enterprises

Investment Priorities:

- 3a** Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
- 3c** Supporting the creation and the extension of advanced capacities for products, services and development.

Priority Axis 6 Preserving and Protecting the Environment and Promoting Resource Efficiency

Investment Priority:

- 6d** Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

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 [Leeds City Region European Structural and Investment Funds strategy](#) and the [Leeds City Region Sustainable Urban Development Strategy \(Annex 4\)](#)

Applicants are advised to familiarise themselves with the detail of the operational programme, local European Structural and Investment Funds strategy, Leeds City Region Sustainable Urban Development 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 axes 3 and/or 6 of the European Regional Development Fund operational programme and respond to the local development needs set out in [Leeds City Region European Structural and Investment Funds strategy](#) and [Leeds City Region Sustainable Urban Development Strategy \(Annex 4\)](#) strategy.

Please note that projects will only be selected if they contribute to the delivery of the Leeds City Region Sustainable Urban Development strategy. Projects that do not support this strategy will not be selected even though they may support the wider European Regional Development Fund operational programme or [Leeds City Region European Structural and Investment Funds strategy](#).

<p>Indicative fund allocation:</p>	<p>Indicatively, through this call the managing authority expects to allocate up to:</p> <p>Priority Axis 3 (SME Competitiveness): £4,000,000</p> <p>Priority Axis 6 (Preserving and Protecting the Environment and Promoting Resource Efficiency): £3,000,000</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 allocations, 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</p>
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	the nature of activities / investment priorities set out in the call.
Minimum application level	<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>For applications made under more than one priority axis the total amount of European Regional Development Fund requested will be assessed against the values above. There is no minimum requirement at priority axis level.</p>
Duration of project activity	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.
Geographical scope	<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>The interventions supported through the SUD Strategy are expected to benefit the SUD area as identified in the map below in section 3.2.</p>
Specific call requirements	<p>Applicants should note that: Value for Money and alignment with Strategic Domestic Priorities 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> <p>Applicants are encouraged to consult with the Local Enterprise Partnership prior to submitting an application.</p>
Call deadlines	<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 3 and or priority axis 6 of the operational programme, one or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

Local Development Need
<p>Local Growth Priorities:</p> <p>Leeds City Region is the biggest city region economy in the country, with an annual output of £664.5bn representing 5% of the English total. It hosts 126,000 businesses, 3 million residents and a workforce of 1.4m. Nine Higher Education institutions and 14 Further Education Colleges are based in the City Region, which is home to a student population of around 230,000.</p> <p>Despite the City Region’s undoubted economic strengths and assets, it is not realising its full potential. The decline of heavy industry has left a legacy of pockets of serious deprivation and an economy that is less productive than those in many other parts of the country.</p> <p>The Local Enterprise Partnership’s (LEP) revised vision for the City Region is <i>to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone.</i> This revised vision places a greater emphasis on “good growth”, where a radical uplift in growth, productivity and business success goes hand in hand with quality jobs that connect all people and places to opportunity and improved quality of life. Achieving the vision will mean that the economy becomes stronger, more dynamic and resilient, and will be on course to consistently improve performance compared to national averages and international competitors over time.</p> <p>The Leeds City Region Strategic Economic Plan (September 2016) places greater focus on good growth and continues to be based on the four inter-connected strategic investment priorities:</p> <ul style="list-style-type: none">● PRIORITY 1: Growing Businesses● PRIORITY 2: Skilled People, Better Jobs● PRIORITY 3: Clean Energy and Environmental Resilience● PRIORITY 4: Infrastructure for Growth <p>Local Development Need</p> <p>The area covered by the SUD strategy is Leeds City Region’s urban core of West Yorkshire and York.</p> <p>Whilst the Leeds City Region LEP area is a recognised and well-established functional economic area, with 93% of LCR residents both living and working within the City Region, West Yorkshire represents the urban core of the City Region and is itself a well-defined functional economic area, with 92.3% of</p>

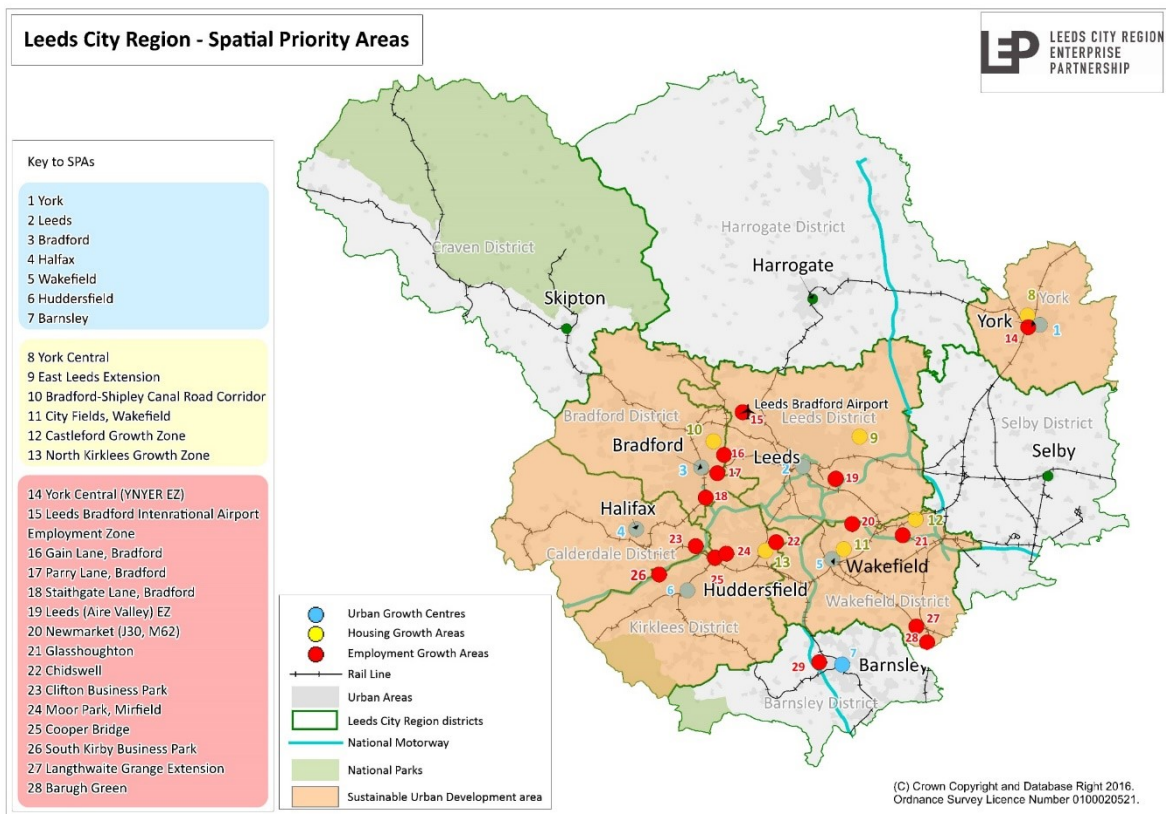
residents living and working in the area. However, West Yorkshire retains strong economic linkages and interdependencies with the wider City Region.

The challenges and priorities facing the City Region are well described in the LCR ESIF Sustainable Urban Development Strategy (SUD) which forms the overarching framework for the interventions sought through this call for proposals - Sections 1 to 3 of the SUD Strategy refer (alongside the City Region's Strategic Economic Plan).

One of those key challenges is the tough market conditions slowing development of the SUD area's strategic growth centres; these centres need to be vibrant and prosperous if the SUD area is to achieve its aim for faster growth and better jobs.

In response to these challenges the specific objective of the LCR SUD Strategy is to invest in the unlocking of key growth sites across the SUD area's Spatial Priority Areas (Urban Growth Centres and Employment Growth Areas). These areas included within the LCR Strategic Economic Plan have been identified as potential major areas for growth, and collectively form the City Region's place-based strategy.

The interventions supported through the SUD Strategy are expected to benefit the SUD area as identified in the map below. The SUD interventions should also aid delivery of key growth projects in current and emerging local plans of constituent Local Authorities including Bradford, Calderdale, Kirklees, Leeds, Wakefield and York.



As outlined in the LCR ESIF Strategy are a range of additional environmental related challenges the facing City Region. These include:

- 1) Flood risk – the total cost of June 2007 floods across Yorkshire and Humber was £2.1 billion (3% of GVA). The estimated costs in the future for Yorkshire and Humber is £30billion
- 2) Limited Green Infrastructure in urban areas
- 3) Lower woodland cover than the national average
- 4) River water quality lower than the national average

Therefore, the LCR SUD strategy also seeks interventions that support the utilisation of innovative green and blue infrastructure solutions to address these challenges.

The Leeds City Region Local Enterprise Partnership is a national leader in planning for sustainable, urban development. The award winning City Region Green Infrastructure Strategy puts in place a clear framework for investment in high quality urban development that utilises innovative natural and resilient solutions to a wide variety of urban challenges including low investment rates, limited connectivity, flooding and water quality, biodiversity degradation and urban heat island effect.

The quality of the natural environment therefore forms a key part of the Leeds City Region's offer to businesses seeking to locate in the area. Delivering greenways and 'green and sustainable sites' also has the potential to facilitate climate change adaptation and mitigation. Within the West Yorkshire and York area, the SUD strategy aims to focus on unlocking key growth sites utilising highly sustainable design solutions that reflect the City Region's aspirations for green infrastructure. Across the SUD area, priority will be given to sustainable urban development which will focus on ecologically sound and resilient site development, particularly key strategic economic growth sites/locations. The aim is to create highly attractive and innovative sites providing an unrivalled setting for investment and attracting high value enterprises. The Leeds City Region Green Infrastructure Strategy (2010) shows that delivering greenways and improving the sustainability of development sites has demonstrable economic and social benefits, improving the wellbeing of communities and individuals and helping to drive productivity improvements.

Without investment in green and blue infrastructure there is a risk that that opportunity is missed, at a time when flooding remains a key threat to the future growth of businesses and the deliverability of key growth sites.

Focussing the Sustainable Urban Strategy around developing key economic growth sites represents a significant opportunity to deliver strategically important green infrastructure schemes that will:

- Enable economic growth
- Mitigate against the impact of climate change whilst providing for growing populations through jobs and economic prosperity.

Supporting SME development and employment is a key challenge in driving the City Region's economy and meeting the aims as set out in the Strategic Economic Plan. Leeds City Region's business base is composed primarily of small and medium sized enterprises. These small and medium sized enterprises and micro businesses are key drivers for local economic growth as they make up 99% of the total number of businesses across the Local Enterprise Partnership area.

However, the total number of businesses in the City Region is lower than would be expected compared to its population size.

The provision of high quality SME employment space through investment in land and property on key growth sites to support inward investment and business expansion has been identified as a key area for investment. To reflect this challenge an objective of the SUD strategy is to invest in key growth sites that will support SME development and local employment creation.

The policy context for this area of activity is provided in Priority 4 of the LCR Strategic Economic Plan. The alignment of investments in transport, green and blue infrastructure and skills to ensure businesses to be located in these areas have the correct environment to thrive, grow and invest in the City Region are actively sought through infrastructure provision. These actions are an important aspect of the City Region's plan to promote sustainable and balanced job growth. As such, enhanced connectivity is likely to be a significant aspect of the City Region's approach in order to facilitate both access to skilled labour markets as well as the efficient distribution of goods and services.

Achieving this will require a mix of appropriate commercial and residential sites in the right locations supported by the appropriate transport, digital and energy connections. High quality infrastructure is the bedrock upon which economic success is built. Whilst much activity is now happening without the need for additional public sector intervention, market conditions remain challenging and, even in prosperous areas, the regeneration the City Region requires still relies on public intervention to address market failures and to de-risk investment. Bringing forward sites for development through investment in land and property is key in supporting local economic development and particularly, the capacity for SME employment growth.

Applicants should note that proposals for business incubator projects will be required to take into consideration the conclusions and recommendations of the European Court of Auditors in their Special Report:

http://ebn.eu/downloads/Special_Report_Incubators_ECA.pdf

Local priorities:

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

- Preference will be given to proposals that target investment in the Strategic Spatial Priority Areas (SPA's) set out in the Leeds City Region Strategic Economic Plan located within the eligible **SUD strategy area of West Yorkshire and York**.
- Investment should focus on key employment sites including (but not limited to) the two Spatial Priority Areas (SPAs) of Urban Growth Centres (which are focussed on large towns or city centres) and Employment Growth Areas (including mixed use employment sites and Enterprise Zones) which will be developed in an ecologically sound and resilient manner (refer to map above).

- Preference will be given to investments that address both of the ERDF Operational Programme Priority Axes: (PA3 - SME Competitiveness and PA6 - Preserving and Protecting the Environment and Promoting Resource Efficiency). Activities which address one or both of the ERDF Priority Axes should demonstrate alignment with each of the local development needs for each Priority Axis as an integrated approach to local growth as follows:

Priority Axis 3 - SME Competitiveness

- Activities sought include the provision of land and premises for SME employment growth, including incubation space, managed workspace or grow-on space where there is a demonstrated market failure which **utilises innovative natural and resilient solutions**.
- Preference will be given to proposals that make a positive contribution to the ERDF Operational Programme output targets. Therefore, site enabling works including site reclamation, decontamination and on-site access infrastructure may only be considered eligible where they form an integral and proportionate part of a new property creation or refurbishment and are **developed in an ecologically and resilient manner**.
- High quality and connected places are intrinsic to good growth and therefore to the delivery of the LCR Strategic Economic Plan (SEP). Sites with strong employment creation potential, good connectivity and the clear potential to bring about further economic gains will therefore be favoured.
- Applications will need to demonstrate that the investment will facilitate the delivery of SME jobs or buildings for use by SMEs.

Priority Axis 6 - Preserving and Protecting the Environment and Promoting Resource Efficiency

- As the integration of green infrastructure into the City Region's Spatial Priority Areas and the catchments they relate to are of specific interest within Priority 3 (Clean Energy and Environmental Resilience) of the SEP, with clear links to Priority 4 (Infrastructure for Growth), proposals through ERDF Priority Axis 6 should also demonstrate alignment with the following priorities:
- Priority 3 of the Strategic Economic Plan (SEP) – Clean Energy and Environmental Resilience and specifically Key Area D – Green Infrastructure.
- Plans to deliver whole catchment area investment that mitigate flood risk and improve resilience of the City Region's economy.
- Contribute to the outcome which increases the quality and extent of green infrastructure, including climate and carbon sequestration benefits related to tree cover.
- The integration of actions that support the City's Region's Green Infrastructure Strategy, published March 2018. Solutions to be invested in and which are of particular interest include actions which will:
 - Address climate change adaptation and mitigation.
 - Tackle flood alleviation and water management by installing SuDs and other natural food management techniques.
 - Increase land and property values and sustain economic growth and investment by creating attractive natural environments in new developments.

- Improve labour force productivity by creating high quality natural environments where people live and work
- Increase tourism through widespread environmental improvements.

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:

Investment priority	3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
Specific objectives	Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups.
Indicative actions	Under this Investment Priority indicative actions to be supported by European Regional Development Fund may include: <ul style="list-style-type: none"> • Provision of land and premises for employment sites including incubator space, managed workspace, or grow-on space.

Investment Priority	3c – Supporting the creation and extension of advanced capacities for products, services and development.
Specific objectives	Increase the growth capacity of small and medium sized enterprises.

Indicative actions	<p>Under this Investment Priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Provision of land and premises for employment sites, including incubation space, managed workspace, or grow-on space.
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Investment Priority	6d – Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure.
Specific objectives	Investments in green and blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth
Indicative actions	<p>Activity supported to achieve this specific objective will focus on investment in green infrastructure; definitions are set out in the National Planning Policy and in Natural England’s Green Infrastructure guide¹. Blue infrastructure is a sub-set of this and refers to the water-related features (rivers, ponds, lakes etc) that play a crucial role in providing benefits to people and wildlife.</p> <p>Activity can include site clearance, soil de-sealing, decontamination and land remediation, but only where these directly contribute to an area’s green and blue Infrastructure / natural capital which are the primary objective of the interventions.</p> <p>Sustainable drainage can be a design function incorporated within green infrastructure. It can also make a contribution to the provision of green infrastructure, where natural solutions are used to provide such a function. Furthermore the volume and quality of water that flows into blue infrastructure, such as rivers, ponds and lakes, has a fundamental impact on their health and condition. Sustainable drainage can help improve this.</p>

¹ <http://publications.naturalengland.org.uk/publication/35033?category=49002>

	<p>Under this Investment Priority, indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Investment in green and blue infrastructure such as green corridors in urban areas and waterways; and • Sustainable drainage to improve water quality and in some cases local air quality.
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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 3 and or priority axis 6.

For projects proposing to deliver activity against more than one priority axis or more than one investment priority within a single priority axis, all appropriate outputs should be selected. Outputs should not be selected if funding is not being requested under the relevant investment priority. If approved projects will be required to report on, and evidence, eligible expenditure separately under each priority axis and the achievement of the outputs separately under each investment priority.

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

Investment Priority 3a	
Output reference	Name
P2	Public or commercial buildings built or renovated
Investment Priority 3c	
Output reference	Name
P2	Public or commercial buildings built or renovated
Investment Priority 6d	
Output reference	Name
C22	Total surface area of rehabilitated land
C23	Surface area of habitats supported in order to attain a better conservation status

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 the local enterprise partnership area and the Leeds City Region Sustainable Urban Development strategy include 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; and
- (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 against the national [selection criteria](#). The intermediate body will undertake the assessment against the selection criteria in relation to fit with local priorities.

Applicants submitting applications for projects seeking support from more than priority axis should note that:

- The project will be assessed against the requirements of all of the priority axis from which funding is requested;

- The application must demonstrate how the project would address the requirements of each of the priority axis from which funding is requested;
- Projects seeking funding from more than one priority axis may add an additional 100 words to sections 2.6 and 3 of the outline application for the second priority axis from which funding is sought;
- The outline application financial table's annexe must clearly identify the percentage of expenditure allocated to each priority axis. Section 6.5 of the outline application should be used to clarify the allocation of costs between priority axis and investment priorities.
- Section 8 of the outline application should be used to clarify the number of outputs shown in the application deliverables annexe associated with each priority axis.

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 intermediate body and Managing authority in relation to all Core assessment criteria.

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:²

- 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 Sustainable Urban Development sub-committee will advise the intermediate body 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.

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

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

6. General Information

6.1. National Eligibility Rules

When developing an application, Applicants must refer to the [National Eligibility Rules](#) setting out the requirements of the 2014 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 (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected; and
- Be closed by June 2023.

6.5. Capital projects

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

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

6.6. Cross Cutting Themes / Horizontal Principles

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

6.7. Additionality, duplication and displacement

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

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

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

6.8. State Aid 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.

6.9. Procurement

All costs claimed by the applicant (grant recipient and / or delivery partner(s)) must be recovered on an actual cost basis. Other costs must be procured in line with National (including [Public Procurement Regulation 2015](#)) and 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, staff from the intermediate body involved in the assessment process 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

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;
- Leeds City Region Sustainable Urban Development strategy;
- Eligibility guidance;
- Output 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 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.