



## 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>Ministry of Housing, 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>OC32R19P 0963</b>
<b>Local Enterprise Partnership Area:</b>	<b>Stoke-on-Trent and Staffordshire</b>
<b>Area Indicative Fund Allocation:</b>	<b>£4,187,000</b>
<b>Call Open:</b>	<b>Friday 28 June 2019</b>
<b>Call Closes:</b>	<b>23:59 on Monday 30 September 2019</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, 30 June 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 Ministry of Housing, 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 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 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.

The UK Industrial Strategy identifies clean growth as one of the Grand Challenges faced by the UK economy. Our ambition is to maximise the advantages for UK industry from the global shift to clean growth – through leading the world in the development, manufacture and use of low carbon technologies, systems and services.

The [Clean Growth Strategy](#) sets out the Government's plans, policies and proposals to reduce greenhouse gases by 80% from 1990 levels by 2050. The strategy marks a clear step change to advance reductions in greenhouse gases to meet Government obligations. The key activities that will enable reaching these targets are: accelerating clean growth, improving business & industry and home energy efficiency, low carbon transport and energy. The holistic economy approach, with innovation taking a pivotal role, aligns closely with the Industrial Strategy and the aims of this programme.

Important guiding principles for the selection of ERDF operations within Priority Axis 4 therefore include:

- Any application for funding will be required to clearly demonstrate that it provides good value for money and supports domestic strategic priorities, including those outlined in the 2017 [UK Industrial Strategy](#), the [Business Productivity Review](#) and [Clean Growth Strategy](#).
- 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 [Stoke-on-Trent and Staffordshire](#) European Structural and Investment Funds strategy and, where relevant, Local Industrial 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 [Stoke-on-Trent and Staffordshire](#) European Structural and Investment Funds strategy.

<b>Indicative fund allocation:</b>	<p>Indicatively, through this call the managing authority expects to allocate up to £4,187,000.</p> <p>The managing authority reserves the right to invite to full application (and subsequently approve) projects that have a cumulative value that is higher or lower than this indicative allocation, subject to the volume and quality of proposals received.</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.</p> <p>The managing authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project. Consequently, new projects with a total value of less than £833,333 will not normally be supported under this call. <b>Applications for less than £500,000 ERDF for extensions to existing projects will be considered.</b></p> <p>Projects, which have a good track record of delivery, may apply to have activity extended until June 2023</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>	Projects should plan to complete delivery of project activity by the end of June 2023; however, the managing authority reserves the right to vary this date.
<b>Geographical scope</b>	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.  Revenue projects should predominantly support businesses based within the local enterprise partnership area of this call.
<b>Specific call requirements</b>	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.  <b>Please note: Value for Money and alignment with Strategic Domestic Priorities, including the 2017 <a href="#">Industrial Strategy</a>, (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.</b>
<b>Call deadlines</b>	For this specific call, applications will be assessed after the close of the single deadline.  Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.

### 3.2. Local development need

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

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

Stoke-on-Trent and Staffordshire has long been associated with generating power, and this is reflected in some of the energy companies operating in the area. However, the Stoke-on-Trent and Staffordshire Local Enterprise Partnership identifies current energy provision as a barrier to business growth in the local enterprise partnership area. Energy price volatility and supply insecurity presents a threat to the growth and development of the business base. The economy features a high proportion of heavy energy users, from the ceramics sector to information technology-related business.

These businesses face a number of challenges:

- Energy costs – energy costs make up more than a third of all costs for our energy-intensive businesses. At the same time, energy prices are rising; the average business energy bill rose by 60% between 2010 and 2011. If these trends persist, it will be increasingly difficult for our energy intensive businesses to maintain a presence in the area.
- Energy security – in March 2013 the United Kingdom came within eight hours of breaching national gas supply reserves. As such, energy security presents a considerable economic and operational risk for our energy intensive businesses. Reflecting this, increased energy security is a key priority for the local enterprise partnership and is at the core of the City Deal (Powerhouse Central). The ‘Powerhouse Energy’ element of the City Deal will provide a strategic approach to energy security by developing a fully integrated Smart City network across the area. This call aims to receive applications which will increase the number of small-scale renewable energy schemes in the Stoke-on-Trent and Staffordshire Local Enterprise Partnership area.
- The Stoke and Staffordshire Local Enterprise Partnership also recognises that a key opportunity for reducing the area’s emissions will be in working with the existing business base to reduce their emissions and to support them in developing low carbon and environmental technologies which will support emission reduction as well as opening up new markets.
- Stoke-on-Trent and Staffordshire are at the forefront of efforts to increase renewable energy supply and increase decentralised energy provision, The overall vision for Stoke-on-Trent and Staffordshire within the Local Enterprise Partnership’s Strategic Economic Plan is to achieve an economy growth of 50% and generate 50,000 jobs over the 10 years from 2017. The 2030 vision statement as set out in the Stoke-on-Trent and Staffordshire LEP Energy Strategy is,

‘Stoke-on-Trent and Staffordshire is a leader in smart energy and the development of smart cities. The county is a leader in community energy generation and has a secure, distributed energy generation and supply system based on low carbon and renewable participation backed by strong digital infrastructure, delivering reliable and low-cost energy to businesses and communities.’



Accordingly the Stoke and Staffordshire Local Enterprise Partnership is seeking to improve levels of energy efficiency in Stoke-on-Trent and Staffordshire by helping businesses across the economy to engage in more energy efficient processes and practises, and building the capacity of the local businesses to operate within the Low Carbon and Environmental Goods and Services sector The local enterprise partnership is also targeting the retrofit of buildings with energy efficiency technologies where clusters of small and medium sized enterprises working in managed workspace environment will achieve reductions in their carbon footprint and energy expenditure.

**Local priorities:**

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

- Initiatives which demonstrate and promote the production and distribution of energy derived from renewable resources.
- Investments in local/regional smart energy demonstration projects.
- Increase energy efficiency in small and medium sized enterprises, including through implementation of low carbon technologies.
- Research, development and innovation and supply chain development for low carbon and resource efficient technologies and materials.
- Increase energy efficiency in enterprises including industrial processes, designing out waste, recovery of 'waste' heat energy and Combined Heat and Power.
- Promote research and innovation in, and adoption of, low-carbon technologies.
- Knowledge transfer with Higher Education/Further Education institutions and Businesses.
- Work with the Local Growth Hub to promote the unique approach to local energy generation, which embeds the Stoke-on-Trent and Staffordshire low carbon principles. A key objective of the SSLEP ESIF Strategy.
- Projects, which have a good track record of delivery may extend activity until June 2023.

MHCLG's North West Growth Delivery Team will undertake a briefing session for the calls which cover Cheshire & Warrington, Cumbria, Greater Manchester, Lancashire, Liverpool City Region and Stoke-on-Trent & Staffordshire to support the application process. This will take place on Friday, 19 July 2019, 10.30am – 1pm at: The Exchange, County Hall, Pitt Street, Preston, PR1 8RB. Further details of this session will be advertised through MHCLG's North West Growth Delivery Team's Twitter channel @GrowthNorthWest and the Technical Assistance Teams.

Additionally, it is anticipated that applicants invited to the full application stage will be invited to attend briefing sessions to support the application process and to discuss the model for working with the Growth Hub and across projects

### 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 biomass;</li> <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> </ul>

	<ul style="list-style-type: none"> <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 renewable generation and energy use, which will be followed by provision of energy efficiency information and guidance, tailored energy action plans and support to implement them;</li> <li>Investing in energy efficiency measures, processes and renewable generation capacity to improve a business’ or building’s environmental performance or its resilience to the impacts of climate change;</li> <li>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,</li> </ul>

	<p>designing out waste, recovery of ‘waste’ heat energy and combined heat and power;</p> <ul style="list-style-type: none"> <li>• Supporting increased small and medium sized enterprises access to national and local government procured contracts for energy efficient goods and services;</li> <li>• Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices; 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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<b>Investment priority</b>	<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>
<b>Specific objectives</b>	Increase the energy efficiency of homes and public buildings, through the implementation 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>• 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</li> </ul>

	<p>deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market;</p> <ul style="list-style-type: none"> <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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<b>Investment priority</b>	<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>
<b>Specific objectives</b>	Increase implementation of whole place low carbon solutions and decentralised energy measures.
<b>Indicative actions</b>	<p>Activity under this investment priority will be complementary to, and work alongside, activity under investment priority 4(a). Activity under this investment priority is based on a holistic approach to the reduction of greenhouse gas emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies.</p> <p>In order to promote such strategies, examples of actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Investments in local/regional smart grid demonstration projects, including validation and solving system integration issues;</li> <li>• Sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids;</li> <li>• Investments in combined heat and power from renewable sources; and</li> <li>• Investments to encourage the adoption of renewable technologies.</li> </ul> <p>A strategic approach is particularly important in the area of low carbon transport, whether for sustainable urban</p>

	<p>mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Investments in actions aimed at introducing innovative environmentally-friendly and low-carbon technologies (for example, alternative fuel stations or charging points);</li> <li>• Investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing, multimodal integrated datasets or cooperative systems);</li> <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; and</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.

<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>• 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, hybrid and hydrogen);</li> <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

<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>	
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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

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 intermediate body will assess the application against the Local strategic fit assessment criteria.

The intermediate body will also provide advice to the managing authority to assist the managing authority to make its assessment against the following Core selection criteria:

- Value for money; and
- Deliverability.

Having assessed projects against these criteria the relevant local enterprise partnership area European Structural and Investment Funds sub-committee will advise the managing authority or intermediate body as relevant on the contribution to local economic growth conditions and opportunities within the context of the operational programme and local European Structural and Investment Funds strategy to aid the managing authority's assessments (at outline and full application stage).

Having concluded their assessments the managing authority and the intermediate body will prioritise the applications they wish to proceed based on their assessment against their respective selection criteria. Only projects that the managing authority and the intermediate body each agree should proceed, based on their respective core selection criteria, will be invited to submit a full application. Subsequently only 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 60% 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 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**

Projects approved through this call will normally be expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected;
- Commence delivery within the agreed timescale as stated in the Grant Funding Agreement; and
- Have completed the delivery of project activity by the end of June 2023.

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

Existing grant recipients whose projects:

1. Do not involve the direct development of premises or infrastructure;
2. Address 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.

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 that 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: [NW.ERDFENQUIRIES@communities.gov.uk](mailto:NW.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.