

2014 to 2020 European Structural and Investment  
Funds Growth Programme

Call for Proposals  
European Regional Development Fund

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

<b>Managing Authority:</b>	<b>Ministry of Housing, Communities and Local Government</b>
<b>Fund:</b>	<b>European Regional Development Fund</b>
<b>Priority Axis:</b>	<b>Priority Axis 5: Promoting climate change adaptation, risk prevention and management</b>
<b>Call Reference:</b>	<b>OC50R19P 0916</b>
<b>Local Enterprise Partnership Area:</b>	<b>Humber York, North Yorkshire and East Riding</b>
<b>Area Indicative Fund Allocation:</b>	<b>£3,748,986</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 Ministry of Housing, 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 Ministry of Housing, Communities and Local Government (the managing authority) invites applications seeking European Regional Development Fund support under:

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

#### **Investment Priorities:**

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

The **European Regional Development Fund operational programme for England 2014 to 2020** sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority axis 5** of the operational programme aims to promote climate change adaptation, risk prevention and management.

The [25 Year Environment Plan](#) sets out a goal to reduce the risk of harm to the economy from natural hazards including flooding by boosting the long-term resilience of our businesses and infrastructure. This can serve as a catalyst to local economic growth by attracting inward investment and enabling businesses to grow with confidence, reducing the costs of adverse environmental conditions and generating employment.

Important guiding principles for the selection of ERDF operations within Priority Axis 5 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 set out in the 2017 [UK Industrial Strategy](#) and the [25 Year Environment Plan](#) published in 2018.
- 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 [Humber](#) and [York, North Yorkshire and East Riding](#) European Structural and Investment Funds strategy and, where relevant, Local Industrial Strategies.

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

### 3. Scope of the Call

#### 3.1. Scope

This call invites outline applications which support the delivery of priority axis 5 of the European Regional Development Fund operational programme and respond to the local development need set out in the [Humber](#) and [York, North Yorkshire and East Riding](#) European Structural and Investment Funds strategies.

<p><b>Indicative fund allocation:</b></p>	<p>Indicatively, through this call the managing authority expects to allocate up to £3,748,986.</p> <p>Split by LEP area as follows:</p> <ul style="list-style-type: none"> <li>• York, North Yorkshire and East Riding: £203,066 (Transition only i.e. East Riding)</li> <li>• Humber: £3,545,920</li> </ul> <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>
<p><b>Minimum application level</b></p>	<p>European Regional Development Fund investment is intended to make a significant impact on local growth.</p>

	<p>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>
<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.
<b>Specific call requirements</b>	<p>This call is targeting projects delivering in the Humber geographic area which encompasses:</p> <ul style="list-style-type: none"> <li>• Kingston upon Hull</li> <li>• East Riding of Yorkshire</li> <li>• North East Lincolnshire</li> <li>• North Lincolnshire</li> </ul> <p><b>Please note: Value for Money and alignment with Strategic Domestic Priorities</b> will form a key part of the assessment and appraisal of all applications. Therefore proposals should clearly articulate and demonstrate how activities align with domestic strategic priorities and offer good value for money.</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 5 of the operational programme, one or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

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

The economy of the Humber is intrinsically linked to the Estuary and its water related assets. However, it remains vulnerable from river, tidal and surface water flooding. **The UK's Industrial Strategy recognises infrastructure as one of the five foundations for productivity, in the Humber area this includes climate change mitigation, in particular coastal and flood defence.**

The floods of 2007 and 2013 in the Humber area have again highlighted the impact of flooding on the social and economic fabric of this part of the country. It is critical therefore that resilience to future flooding is maintained and enhanced to create stability in business and growth sectors and unlock opportunities within the Enterprise Zones and other strategic employment sites. Without the creation of a resilient infrastructure, market failure in the property sector will continue and inward investment in business premises, homes and infrastructure will not materialise.

The risk to businesses, and therefore to economic development, posed by flooding is a significant climate change challenge for the Humber. Approximately 115,000 hectares of land and 400,000 people across the North and South banks are at risk from tidal flooding for example. Coastal change (including sea level rise) is also an issue, especially in relation to coastal erosion along the East Riding coast and around Spurn and Humberston Fitties, where coastal squeeze/narrowing is a major concern. Parts of the area were severely affected by the major floods of 2007 with very significant and long lasting consequences. For example, on the North Bank, 1,300 businesses were flooded in Hull alone and many hundreds of others were affected in other parts of the LEP area. In East Riding, the floods resulted in an estimated loss or damage to private property and business well in excess of £200m.

One man lost his life and many thousands suffered stress, trauma, mental and physical health problems. 91 of the 99 schools in Hull were closed – a combined total of 400,000 hours of lost educational time which equates to an estimated £2.4m in lost earnings and National Insurance contributions. On the south bank, North East Lincolnshire saw over 600 homes affected, as well as damage to a number of businesses largely SMEs and caused major disruption to services and infrastructure.

In the city of Hull, the 5th December 2013 tidal surge reached a record height. The area that flooded was a mainly commercial, employing approximately 3000 people in businesses ranging from sole traders to the largest in the City. Over 120 businesses were affected. Following surveys of the businesses impacted, the initial and conservative estimate of the cost of the damage to the City's businesses was £52m. This figure is likely to rise, as further information comes in and the full extent of the damage to the buildings and loss of earnings becomes known. A similar calculation in North Lincolnshire shows an initial estimate of £41m of damage.



Flood incidents have left in their wake a perceived vulnerability of flood defences. There is a risk of businesses leaving the area, closing, failing to insure for flooding and being faced with high costs of retrofitting existing buildings e.g. installing flood barriers to premises. 1015% of the businesses surveyed after Dec 2013 were not insured. Of this group approximately ½ the businesses had insurance but were not covered in the event of flooding. All the businesses who were not insured were SMEs.

There will be opportunities for innovation associated with activity that builds resilience to climate risks. Construction of flood infrastructure can also support delivery of multiple objectives, for example, contributing towards the Humber's growth and regeneration priorities and helping to build natural capital.

### **Local priorities:**

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

- how proposals will deliver elements within key local plans including (but not limited to) Local Development Plans, Strategic Economic Plans, and local Flood Risk Management Strategies;
- how proposals will support the delivery of investments that improve the economic viability of surrounding business centres to facilitate growth;
- how proposals will increase resilience of existing or new businesses and business infrastructure to flooding or coastal erosion risks.
- proposals that incorporate support for greater resilience to climate risks through knowledge transfer and exchange of information.
- how proposals will manage flood or coastal risk through solutions that also improve wildlife habitats and the regions' green infrastructure, complementing or enhancing connectivity between the existing internationally and nationally important existing habitat assets.
- how proposals will utilise the latest economic and environmental data and modelling methodology to demonstrate the need for ERDF investment;
- how proposals will support the delivery of investment that safeguards existing businesses and other non-domestic properties from flood damage;
- how proposals will safeguard jobs through improving local business confidence;
- how proposals will be "future-proofed" to provide protection from future events including a combination of in-channel works, flood defences, flood storage and pumping and so forth;

- how proposals will align with any existing or planned flood prevention schemes, including all schemes be considered in the context of inclusion in or alignment to the Environment Agency's Flood and Coastal Risk Management (FCRM) six year investment programme and whether the schemes are a priority for the Environment Agency or funded by other discretionary funds such as the Growth Deal;
- delivery of flood mitigation and resilience with sustainable environmental management.
- proposals should demonstrate how they will contribute towards the delivery of priorities set out in the [UK's Industrial Strategy](#).

The Humber LEP and YNYER LEP areas wish to utilise ESIF resources to support activities that will further strengthen the area's resilience to all sources of flooding. The Humber LEP Strategic Economic Plan outlines the objective to 'Stimulate economic development through further investment in flood and coastal risk management. Promote and embed sustainable development activities across the LEP area to sustain the natural environment.' Likewise the YNYER LEP Strategic Economic Plan highlights minimising risks to local businesses, transport networks and the economy as a major challenge and priority for the investment.

### 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>5b – Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems.</b>
<b>Specific objectives</b>	Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure.
<b>Indicative actions</b>	England has a particular vulnerability to extreme weather, climate change and flood and coastal risk because it has areas of high population and economic density that are exposed to the increasingly dynamic impacts of North Atlantic low pressure systems.

	<p>The specific objective is to target investment of European Regional Development Fund into measures that safeguard and enable sustainable economic growth in these contexts. It will help ensure that 'at risk' communities, businesses and their local economy can adapt. As a result they will be able to contribute to and benefit from sustainable local economic growth</p> <p>European Regional Development Fund, along with European Agricultural Fund for Rural Development where relevant, will be used to complement the UK Government's Flood and Coastal Risk Management Grant in Aid and other domestic investment, as per the Flood and Coastal Resilience Partnership Funding Policy. This will help to achieve viability for schemes that have a high potential economic development and growth value but that have relatively low eligibility to domestic flood and coastal resilience funding which focuses more on residential properties.</p> <p>Flood mitigation measures will support the protection of major employment areas and small and medium sized enterprises and unlock derelict, underused or neglected land on strategically important sites/areas identified as central to realising growth aspirations. This will include incorporation of flood risk management and river restoration into the design and lay outs of employment sites and surrounding areas, so that flood risk and surface water management is actively addressed in a sustainable way such as though green and blue infrastructure.</p> <p>Flood mitigation and associated environmental measures will also aim to bring back into use, in a sustainable way (such as through green and blue infrastructure), dormant land identified as strategically important for business growth and employment.</p> <p>Investment under this priority axis is being targeted into areas of the East coast, North West &amp; South West of England, where exposure to flood and coastal risk, the impacts of climate change and related constraints on economic growth are most significant.</p>
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The focus will be on sections of coasts and rivers that are most susceptible to these risks, identified as priorities for sustainable economic growth and where European Regional Development Fund investment can be matched and aligned with other sources to make appropriate risk management actions affordable.

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

#### **Coastal resilience**

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

#### **Fluvial risk management**

- Onsite or upstream attenuation and slowing the flow measures
- Diversion channels
- Raising strengthening and/or extending river walls and frontages

	<ul style="list-style-type: none"> <li>• Fixed and temporary barriers and gates</li> <li>• Stepped back embankments</li> <li>• Resilience measures for business infrastructure, including for example wet or dry flood-proofing</li> <li>• River restoration and improved conveyance measures</li> </ul> <p><b><u>Surface water run-off and drainage systems</u></b></p> <ul style="list-style-type: none"> <li>• Integration, including retrofitting, of surface water and run off management measures into urban and commercial redevelopments</li> <li>• Innovative measures in contexts where flood risk and land management relies on pumping and inter-relates with drainage</li> </ul> <p>Across all three, there may be actions to promote knowledge transfer and exchange of information relating to adaptations to climate change, risk management and resilience.</p>
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## 4. Required Outputs under this Call

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund will achieve the programme-level outputs for priority axis 5.

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

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

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

The managing authority expects the level of outputs proposed within outline applications to be realistic and achievable and to deliver good value for money. The application should clearly state the methodology used to determine the levels of outputs proposed.

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

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

The local European Structural and Investment Fund strategy for each local enterprise partnership area includes details of the local, notional European Regional Development Fund allocation to each priority axis and the type and number of European Regional Development Fund outputs that are expected in return for this investment.

All operations will be required to report regularly on progress toward achievement of targets. This will need to include both quantitative and qualitative data relevant to the appropriate geographical areas. Applicants will need to explain how they will collect and record this information to maintain a fully evidenced audit trail. It should be noted that if an operation fails to deliver contracted outputs, a performance penalty may apply.

## 5. Application Process and Prioritisation Methodology

There are two stages to the European Regional Development Fund application process:

- (i) Outline application and, if successful
- (ii) Full application.

Acceptance of an outline application to progress to full application stage does not in any way indicate or constitute an offer of European Regional Development Fund grant.

Applicants must fully complete the [outline application](#) which will be assessed by the managing authority against all of the national [selection criteria](#) except where an intermediate body has been designated to assess against some of the selection criteria. Where an intermediate body has been designated to undertake delegated tasks, the intermediate body will undertake the assessment against the selection criteria in relation to fit with local priorities.

Outline applications will be assessed in two stages, Gateway assessment and Core assessment.

The Gateway assessment is undertaken by the managing authorities and considers:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- Fit with the National operational programme and the local development need set out in section 2.

Applications that fail the Gateway assessment undertaken by the managing authority will be rejected. Applications which pass the Gateway assessment will then be assessed by the managing authority in relation to all Core assessment criteria.

In areas where an intermediate body 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 ERDF Technical Assistance and available to assist the design and development of compliant projects / applications for ERDF. Details of your local Technical Assistance funded project can be found on the [Technical Assistance website page](#).

Please note:

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

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

Investments will take account of the UK's National Planning Policy Framework which includes requirements for local planning authorities to "set out a strategic approach in their Local Plans, planning positively for the creation, protection, enhancement and management of networks of biodiversity and green infrastructure".<sup>1</sup>

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

## 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.

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60777/2116950.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60777/2116950.pdf)



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. 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.

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

## **6.7. Cross Cutting Themes / Horizontal Principles**

All applications selected as a result of this call will be required to demonstrate how the Cross Cutting Themes have been addressed in the project design and development. Cross Cutting Themes for European Regional Development Fund are 'equality and anti-discrimination' and 'sustainable development'. Further information

is available in section 11 of the [European Regional Development Fund Operational Programme](#).

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

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

## **6.8. Additionality, duplication and displacement**

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

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

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

## **6.9. State Aid and revenue generation**

Applicants are required, in the outline application, to provide a view on how their proposal complies with State Aid law. Applicants must ensure that projects comply with the law on State Aid. Grant funding to any economic undertaking which is State Aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme under the General Block Exemption Regulation (EU) 651/2014.

Only if this is not possible should Applicants use the De minimis Regulation or 'no aid'. [Guidance for grant recipients](#), explaining more about State Aid, is available; it is important that applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the programme.

The managing authority is not able to give legal advice on State Aid. It is the responsibility of the applicant to ensure that the operation is State Aid compliant.

## **6.10. Procurement**

All costs claimed by the applicant (grant recipient and / or delivery partner(s)) must be recovered on an actual cost basis. Other costs must be procured in line with National (including [Public Procurement Regulation 2015](#)) and EU regulations. Procurement will be subject to audit and verification and any irregularity will result in a financial penalty of up to 100% of the grant paid. Robust and transparent procurement is required to ensure that grant recipients:

- Consider value for money;
- Maximise efficient use of public money; and
- Maintain competitiveness and fairness across the EU.

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

## 7. Support

Please note that this is a competitive call and to preserve impartiality the managing authority and, where appropriate, the intermediate body are unable to enter into correspondence with applicants over their outline application. Details of where guidance can be found are contained throughout this call document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: [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;
- Summative assessments guidance; and
- Funding agreement (revenue and / or capital).

## 9. Document Checklist

Incomplete applications will be rejected. Please ensure the following information (documents) are submitted.

Outline stage:

- Fully completed outline application;
- Financial tables; and
- Outputs, results and indicators tables.

## 10. Document Submission

Completed outline applications must be submitted via email to the address in Section 7. 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.