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European Union
European Regional
Development Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals
European Regional Development Fund

Sustainable Urban Development Strategy: The Nottingham SUD Strategy area (including Nottingham, Broxtowe, and parts of Ashfield, Gedling and Rushcliffe)

Managing Authority:	Ministry of Housing, Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 2: Enhancing Access To, and Use and Quality of, information and Communications Technology Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises

	Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors
Call Reference:	**OC08R20S 1045**
Local Enterprise Partnership Area:	**D2N2**
Sustainable Urban Development Strategy	**Nottingham City Region: Integrated Actions for Sustainable Urban Development**
Indicative Fund Allocation(s)	**Priority Axis 2: £887,374 Priority Axis 3: £3,595,147 Priority Axis 4: £4,048,924**
Call Open:	**Wednesday 22 January 2020**
Call Closes:	**23:59 on Tuesday 10 March 2020**

Contents

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 project activity 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.

Nottingham City Council has been designated as an intermediate body for the [the Nottingham City Region Sustainable Urban Development Strategy 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 [Nottingham 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.

*N.B Under this call a*n 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 either one or more than one of the priority axes 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 2   Enhancing Access to, and Use and Quality of, Information and Communications Technology

Investment Priorities:

2b   Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology

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

3d Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes

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 sources

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.

The UK Industrial Strategy identifies infrastructure as the essential underpinning of our lives and work, and that having modern and accessible transport infrastructure is essential to our future growth and prosperity. Priority axis 7 of the operational programme aims to support sustainable transport in Cornwall & the Isles of Scilly.

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. 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 D2N2 European

Structural and Investment Funds strategy and the Nottingham City Region Sustainable Urban Development Strategy.

Applicants are advised to familiarise themselves with the detail of the operational programme, local European Structural and Investment Funds strategy, Nottingham 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 2, 3 and 4 of the European Regional Development Fund operational programme and respond to the local development needs set out in D2N2 European Structural and Investment Funds strategy and the Nottingham City Region Sustainable Urban Development strategy.

Please note that projects will only be selected if they contribute to the delivery of the Nottingham 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 D2N2 European Structural and Investment Funds strategy

Indicative fund allocation:	Indicatively, through this call the managing authority expects to allocate up to:
	Priority Axis 2: £887,374
	Priority Axis 3: £3,595,147
	Priority Axis 4: £4,048,924
	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 these indicative allocations, subject to the volume and quality of proposals received.
	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.

Minimum application level	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 £400,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £800,000 will not normally be supported under this call. Applications for less than £400,000 ERDF for extensions to existing projects will be considered. 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.
Duration of project activity	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.
Geographical scope	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.
Specific call requirements	Projects for this call can address either one, two or all three priority axes. Please note: 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.
Call deadlines	For this specific call, applications will need to be received by **10 March 2020**. 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 2 and/or Priority Axis 3 and/or Priority Axis 4 of the operational programme, one

or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

Local Development Need
Local growth priorities: **PA2 – Enhancing access to, and use and quality of, ICT** Investment Priority 2b: Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology • **Supporting SMEs through better access to, and use of, superfast and ultrafast broadband and other emerging technologies to broaden their product/service offer.** Better use of superfast and ultrafast broadband will consolidate our strengths in the creative and digital industries in particular. The experience of the D2N2 ERDF programme since 2014 under PA2 has informed our desire to concentrate the focus of our SUD strategy on support for SMEs to increase their use of broadband and other emerging technologies to improve their productivity rather than on physical infrastructure provision. **PA3 – Enhancing the competitiveness of SMEs** 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 Investment priority 3c - Supporting the creation and the extension of advanced capacities for products, services and development Investment priority 3d - Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes • **Provision of business incubation, managed workspace, or grow-on space.** We welcome bids that propose the provision of business incubators (including virtual incubators and accelerators for growing SMEs) in key sectors to offer firms space, business support, and support with finance and technology, and opportunities to cluster and benefit from knowledge networks. Successful bids to develop incubators will address market failures related to information and lack of access to finance, land, and resources. It is important that projects are in a

position to deliver in a timely manner. Although not required at the outline stage, if invited to full, a detailed cost plan designed to the equivalent of RIBA Stage 3 will need to be submitted with the full application alongside a BREEAM pre-assessment. Evidence that the applicant has or will have control of the site will also be required. Applicants should also note that planning permission will need to be in place prior to full project approval.

Evaluation evidence for the European Commission found that incubators can make a significant net contribution to business growth and innovation. In evaluating bids, we will take account of the conclusions of the report of the European Court of Auditors: "Has the ERDF successfully supported the development of business incubators?" (2014); and the report by the Department of Business, Energy and Industrial Strategy: The impact of business accelerators and incubators in the UK (2019). Support for incubator space should be combined with an effective programme of business support tailored to the growth and productivity needs of the target occupants

- **Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects.**

- **Advice and support for businesses to implement productivity improvements.**

- **Support SMEs to develop focused growth strategies and update or introduce new business models which will drive business performance.**

- **We also welcome project proposals which recognise and reflect specific challenges faced by ethnic minority-led businesses.**

Although the focus of the strategy is on capital projects, embedded business support that adds value to the productivity of SMEs, as demonstrated in the report of the European Court of Auditors on business incubators, is instrumental to the strategy. A 'virtual' incubator or accelerator approach, which offers similar support to its physical counterpart, but without the provision of work, office or laboratory space, and with services such as mentoring and access to networks, is also possible. All bids should show how the project will provide complementarity to the D2N2 Growth Hub through its business support element, Also, research on ethnic minority businesses indicates a relatively low use of mainstream business support and we encourage bids that could help us to address this challenge.

PA4 - Supporting the Shift towards a Low Carbon Economy in All Sectors

Investment priority 4a: Promoting the production and distribution of energy derived from renewable sources

Investment Priority 4b: Promoting energy efficiency and renewable energy use in enterprises

Investment Priority 4c: Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector

Investment priority 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

Investment priority 4f: Promoting research and innovation in, and adoption of, low-carbon technologies

- **Accelerating the development, innovation, adoption and deployment of low carbon technologies and related supply chains/ infrastructure.**

- **Investments in actions aimed at introducing innovative environmentally friendly and low-carbon technologies (for example, alternative fuel stations or charging points).**

- **Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes in growing enterprises.**

Funding through this call will support bids that offer innovation in and adoption of low carbon technologies linked to the EU's Strategic Energy Technology Plan, developing and deploying cost-effective low carbon technologies. This could include the development of supply chains or small-scale infrastructure necessary to unlock larger projects. There is also scope for activity within whole place low carbon plans and addressing energy efficiency in existing buildings.

Rationale

Nottingham is one of the eight English Core Cities and our SUD Strategy area is the largest conurbation in the D2N2 LEP area. Farsighted investments in transport, land use planning and energy have anticipated the transition away from carbon-based technologies, and positioned us as one of the cleanest, greenest and least car dependent urban areas in the UK.

Like all core cities, Nottingham was hit hard by the recession that followed the financial crisis. We believe that a city that has a clear direction, one that is

economically and culturally self-confident, is more likely to bounce back stronger and more focused. To achieve this requires a shared emphasis on:

- Generating robust job creation by growing enterprise within key sectors as well as attracting businesses that foster creativity and invention.

- Maintaining competitive infrastructure by investing in urban development opportunities to support growing enterprises – and becoming increasingly smart in doing this through integration of systems and the use of data to drive decisions.

- Achieving broad-based prosperity by stimulating economic activity in all neighbourhoods throughout the urban area to drive increases in employment.

The SUD strategy's focus looks beyond artificial administrative boundaries and considers the functional economic area of the city and surrounding districts, which forms a whole that is readily identifiable as a distinct conurbation. The Nottingham City Council administrative area is tightly bound due to historical reasons and large parts of the surrounding District Council areas form part of this larger functional urban area.

To address this issue, the geography of this wider conurbation is considered here as being representative of the city's functional economy. There is no current formal definition of this geography, so our strategy uses the predominantly urban areas of the adjacent local authority districts of Rushcliffe, Broxtowe, Ashfield and Gedling (all within the Nottinghamshire County Council area) as well as Nottingham City. The SUD Strategy area includes several connected towns which are not just commuter suburbs but have their own significant business base and local identity – e.g. West Bridgford, Arnold, Carlton, Beeston and Hucknall. This definition has been agreed between local authority partners who have been involved in drawing up this strategy, producing an economically pragmatic geography for the wider SUD Strategy area with a population of around 688,000.

The importance of taking into account the SUD Strategy area's economic geography to present a balanced assessment is clearly demonstrated by the statistical disparity between its economic performance and resident prosperity. The City's Gross Disposable Income (GDI) per head is only 84% of the national average, whereas its Gross Value Added (GVA) per head at £25,300 is the highest of any of England's core cities alongside Bristol. This is because GVA is calculated based upon where people work, whereas GDI is calculated based upon where people live.

Workforce earnings, and therefore GVA, tend to be higher in cities which experience high levels of in-commuting, whilst GDI tends to be higher in areas with

significant out-commuting. As Nottingham has the highest levels of net in-commuting in the East Midlands, thanks partly to its well established internal and external transport network, this means that the city draws upon its wider economic catchment area for its workforce.

The result is a productive city supporting a prosperous urban area but with inner city socio-economic and environmental challenges typical of any major UK conurbation. The aim of the SUD strategy is to contribute towards a balanced urban area economy where both the urban centre and the districts develop an industrial and innovation strategy which is more sustainable in the long-term.

The local economy grew by 18.3% between 2011 and 2016, below the national average of 21.3%. Output per person in the SUD Strategy area has been consistently below the England average for many years and is below the Core Cities average. GVA per head has diverged further since 2009 which underlines our relative slowness to recover from the financial crisis and recession, so our output gap has been growing in recent years. Closing this output gap would provide a significant boost to the local economy which would be almost £1bn larger in value.

Low productivity is a major challenge. GVA per hour worked is the most widely used productivity indicator. There is a significant gap in productivity levels between England and NCR with the latter being around 3% lower. Moreover, between 2011 and 2016 the rate of increase in productivity in the NCR was significantly lower (0.7%%) than that achieved nationally (2.9%). The underlying causes of NCR's 'productivity gap' over the long-term are more likely to be structural than cyclical and we know that the key drivers that underlie long-term productivity performance are investment, innovation, skills, exporting and trade, enterprise and competition.

The economic recession had a significant negative impact on the SUD Strategy area's labour market. There are three key labour market indicators where we have performed consistently worse than the national average since the onset of the recession in 2008: the employment rate, JSA claimants' rate and out of work benefits rate. For example, in 2016, the SUD Strategy area had 40,650 people who were claiming out of work benefits: 9.3% of the population of working age compared to 8.1% for England.

Earnings and income levels are below average. Lack of local spending power is a key constraint to the local economy and a major factor in explaining relatively high levels of multiple disadvantage. Average workplace-based earnings in NCR (£31,400 in 2017) are significantly below the average for England (£36,100) and the Core Cities average (£32,800).

Local priorities:

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

- Capital investment to provide space for businesses in local key sectors to start up and grow in energy efficient buildings as part of an urban network of growth and innovation hubs.
- Revenue funding for integrated support that provides an environment for sustainable business growth.

The criteria for a successful SUD bid should include as many of the following as possible:

- Delivery of value for money outputs linked to sustainable business growth;
- The provision of facilities or business support valued by business, but not provided by the market without intervention;
- An addition to the SUD Strategy area's growth and innovation eco-system;
- Supporting the local economy to become 'smarter' and more sustainable;
- Additionality to and coordination with the D2N2 Growth Hub;
- The ability to deliver services over the whole SUD area.

Nottingham has several key sectors which are priorities for this strategy. Applicants will be expected to demonstrate how their project would support at least one key sector. These are:

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

Applicants may also want to consider a joined up approach which will be capable of connecting activities and support within specific hubs. This could be new or build on existing structures, and reflect the growth potential within these structures and in clusters of SMEs and activity in the urban parts of the surrounding districts and county of Nottinghamshire.

We encourage applications which help incentivise behaviour, and implement actions, that help cut emissions as part of Nottingham's policy of introducing a Clean Air Zone. This may include smart, localised, construction techniques which reduce transportation emissions.

Applications under IP4b - SME support can include wider resource efficiency such as CO2e savings associated with water use, embodied energy in materials, waste and transport.

Applications under IP4c should also consider measures to reduce transportation as part of their retrofit programme, and / or waste reduction.

Proposals which contribute to the development of a 'smart' city-region are encouraged. This can be defined in many ways, but at its core is how the needs of citizens and businesses are met in a sustainable way through the use of technologies linked by data. In focusing the SUD strategy on the development of an innovation and growth ecosystem, we are also looking for the investment to contribute to our development as a 'smart city'. For more detail on this, see the Nottingham City Council report on Innovation and the City.

We are looking for proposals that align with our Nottingham SUD Strategy and, where relevant, with the D2N2 EU Structural and Investment Fund Strategy 2014 - 2020, as well as the ERDF Operational Programme for England 2014 to 2020.

We will expect applicants to work closely with and not duplicate the activities of the D2N2 Growth Hub, (or other business support provision in the D2N2 area) which is supported by ERDF.

As this is the final call for projects to deliver the SUD strategy in Nottingham, we are open to innovative proposals to address the delivery of business support to existing business incubators in the eligible SUD area that will address outputs under PA2, PA3 and PA4 of the ERDF Operational Programme.

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 2b – Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology.

Specific objectives

Increase the number of small and medium sized enterprises making productive use of digital technologies.

Indicative actions

- Support for small and medium sized enterprises to update or introduce new information and communication technology business models which will drive business performance;

- Provision of coaching, advice, consultancy, mentoring and support for small and medium sized enterprises to access new markets through improved information and communication technology connections;

- Provision of coaching, advice, consultancy, mentoring and support for to develop information and communication technology skills strategies;

- Provision of coaching, advice, consultancy, mentoring and support to implement productivity improvements from use of information and communication technology;

- Demand-side voucher schemes;

- Demonstration and pilot projects, showcasing how small and medium sized enterprises can stimulate innovation through the smart use of information and communication technology;

- Support for diffusion of results from demonstration and pilot projects; and

- Support for the integration of small and medium sized enterprises in digital supply chains through the smart use of information and communication technology.

Activities will target small and medium sized enterprises, including social enterprises.

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

- Targeted engagement, outreach and mentoring to strengthen entrepreneurial and enterprise culture;

- Provision of advice and support for entrepreneurship and self-employment in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups;

- Provision of advice and support for new business start-ups to survive and grow;

- Outreach, coaching, mentoring, networking and consultancy support to promote business start-up, survival and growth;

- Grants to support productive investment;

- Provision of land and premises for employment sites including incubator space, managed workspace, or grow-on space.

Operations will support individuals with ambitions to start up a business, and small and medium sized enterprises in the early stage of operation. These include social enterprises and those wishing to set up social enterprises.

Investment priority 3c   Supporting the creation and the extension of advanced capacities for products, services and development

Specific objectives

Increase growth capacity of SMEs

Indicative actions

- Provision of advice to develop new business models or higher quality products, processes or services;

- Advice and support for businesses to implement productivity improvements;

- Advice to improve business processes and workforce development;

- Advice and support for supply chain interventions to strengthen and grow the domestic supplier base;

- Ensuring SMEs have access to sufficient levels of finance to implement their growth plans, including appropriate capital investment for premises and equipment to help build capacity;

- Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects;

- Grant finance for business to invest for product, process and service improvements;

- Provision of land and premises for employment sites, including incubation space, managed workspace, or grow-on space.

Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including social enterprises.

Investment priority 3d   Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes

Specific objectives

Increase growth capability of SMEs

Indicative actions

- Provision of efficient local referral routes to ensure that SMEs are able to identify and access the most appropriate and tailored support for their specific growth needs;

- Support SMEs to develop focused growth strategies and update or introduce new business models which will drive business performance;

- Advice and support for SMEs to enter, establish and expand in new domestic markets;

- Advice and support for businesses to become investment ready;

- Leadership and management coaching where connected to the development and implementation of a business growth plan;

- Support for events, trade fairs and missions to enable SMEs to enter, establish and expand in new domestic and international markets;

- Targeted grant schemes to support productive investment;

- Provision of advice and consultancy on access to finance.

Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including Social Enterprises.

Investment priority 4a – Promoting the production and distribution of energy derived from renewable sources

Specific objectives

Increase the number of small scale renewable energy schemes in England

Indicative actions

- Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass;

- Support to build capability and capacity for supply chains in renewable energy;

- Demonstration and deployment of renewable energy technologies;

- 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, and biomass systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities;

- Anaerobic digestion plants and other biomass or landfill gas schemes.

Investment priority 4b – Promoting energy efficiency and renewable energy in enterprises.

Specific objectives

Increase energy efficiency in particular in small and medium sized enterprises, including through the implementation of low carbon technologies.

Indicative actions

- 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;

- 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;

- Support to SMEs to improve carbon resource efficiency by providing full diagnostics of carbon emissions;

- 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;

- Investing in measures to stimulate cost-effective deep renovations of buildings, including staged deep renovations;

- Supporting an increase in energy efficiency in enterprises including an emphasis on 'whole place' especially through improving industrial processes, designing out waste, recovery of 'waste' heat energy and combined heat and power;

- Supporting increased small and medium sized enterprises access to national and local government procured contracts for energy efficient goods and services;

- Developing low carbon innovation in relation to energy efficiency within enterprises, including through technologies and engagement practices;

- 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.

Investment priority 4c – Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.

Specific objectives

Increase the energy efficiency in homes and public buildings, including through the implementation of low carbon technologies.

Indicative actions

- 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 public buildings;

- Supporting low carbon innovation in relation to the integrated 'whole place' energy management approach including energy waste and re-use;

- Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place solutions exemplifying next phase technologies which are near to market;

- Investing in domestic energy efficiency, renewable energy and smart construction techniques;

- Investment in the development and wider use of Energy Performance Contracting in the public buildings sector.

Investment priority 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

Specific objectives

Increase implementation of whole place low carbon solutions and decentralised energy measures.

Indicative actions

- investments in local/regional smart grid demonstration projects, including validation and solving system integration issues;

- sustainable energy action plans for urban areas, including public lighting systems, smart metering and distribution through smart grids;

- Investments in combined heat and power from renewable sources;

- Investments to encourage the adoption of renewable technologies.

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

- investments in actions aimed at improving the capacity at local level to develop and implement integrated and sustainable transport strategies and plans (e.g. actions related to modelling data collection, integrated transport management, operations and services, public consultation etc.) to reduce transport related air pollution, in particular retrofit or replacement programmes for bus fleets, incentive schemes for cleaner transport, improved public transport infrastructure and alternative forms of transport;

- investments in actions aimed at introducing innovative environmentally friendly and low-carbon technologies (for example, alternative fuel stations or charging points);

- investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing,

- multimodal integrated datasets or cooperative systems);

- innovative transport pricing and user charging systems;

- cycle paths, walkways and waterways only where part of an integrated approach to GHG reductions.

Investment priority 4f – Promoting research and innovation in, and adoption of, low-carbon technologies

Specific objectives

Increase innovation in, and adoption of, low carbon technologies

Indicative actions

- R&D, 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;

- Research underpinning carbon capture and storage, taking account of the restrictions laid down in Article 3.3.b of the ERDF Regulation;

- Technology centres of excellence and test facilities, including relevant Catapult centres;

- Renewable technologies in the UK renewable energy roadmap;

- 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);

- Knowledge transfer with Higher Education/Further Education institutions and Businesses;

- Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes;

- Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings;

- Demonstration and deployment of decentralised renewable energy technologies;

- 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).

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 axes 2, 3 and 4 as appropriate.

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 2b

Output ref.	Name
C1	Number of enterprises receiving support
C5	Number of new Enterprises supported
C29	Number of enterprises supported to introduce new to the firm products
P4	Additional businesses taking up broadband with speeds of at least 30Mbps

Investment Priority 3a

Output ref.	Name
C1	Number of enterprises receiving support
C2	Number of enterprises receiving grants
C3	Number of enterprises receiving financial support other than grants
C4	Number of enterprises receiving non-financial support
C5	Number of new Enterprises supported
C6	Private investment matching public support to enterprises (grants)
C7	Private investment matching public support to enterprises (non-grants)
C8	Employment increase in supported enterprises
C28	Number of enterprises supported to introduce new to the market products
P2	Area of public or commercial buildings built or renovated
P11	Number of potential entrepreneurs assisted to be enterprise ready

Investment Priority 3c

Output ref.	Name
C1	Number of enterprises receiving support
C2	Number of enterprises receiving grants
C3	Number of enterprises receiving financial support other than grants
C4	Number of enterprises receiving non-financial support
C5	Number of new Enterprises supported
C6	Private investment matching public support to enterprises (grants)
C7	Private investment matching public support to enterprises (non-grants)
C8	Employment increase in supported enterprises
C29	Number of enterprises supported to introduce new to the firm products
P2	Area of public or commercial buildings built or renovated

P13	Number of enterprises receiving Information, Diagnostic and Brokerage support

Investment Priority 3d

Output ref.	Name
C1	Number of enterprises receiving support
C2	Number of enterprises receiving grants
C3	Number of enterprises receiving financial support other than grants
C4	Number of enterprises receiving non-financial support
C5	Number of new Enterprises supported
C6	Private investment matching public support to enterprises (grants)
C7	Private investment matching public support to enterprises (non-grants)
C8	Employment increase in supported enterprises
C29	Number of enterprises supported to introduce new to the firm products
P2	Area of public or commercial buildings built or renovated
P13	Number of enterprises receiving Information, Diagnostic and Brokerage support

Investment Priority 4a

Output ref.	Name
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C30	Additional capacity of renewable energy production
C34	Estimated annual decrease of GHG

Investment Priority 4b

Output ref.	Name
C1	Number of enterprises receiving support
C34	Estimated annual decrease of GHG

Investment Priority 4c

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 GHG

Investment Priority 4e

Output ref.	Name
C1	Number of enterprises receiving support

C34	Estimated annual decrease of GHG
Investment Priority 4f	
Output ref.	Name
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C26	Number of enterprises cooperating with research institutions
C29	Number of enterprises supported to introduce new to the firm products
C34	Estimated annual decrease of GHG

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 Nottingham 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 axes from which funding is requested;
- The application must demonstrate how the project would address the requirements of each of the priority axes 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 and each subsequent priority axis from which funding is sought;
- The outline application financial tables annex 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 annex 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 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 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.

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 the D2N2 Technical Assistance funded project can be found on the D2N2 TA website.

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

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'; 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.

Some groups lack entrepreneurial understanding and appropriate skills and face entrenched attitudinal barriers. People in difficult social or economic circumstances face barriers to enterprise, but some groups have additional ones – for example women and black and minority ethnic groups are often under-represented in enterprises compared to the wider population, so investments under priority axis 3 should actively address barriers to business start-up and other types of business opportunities for such groups.

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 GHG 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, 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 EM.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;

- Nottingham 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.