



Department for
Communities and
Local Government



European Union
European Regional
Development Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals European Regional Development Fund

Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors

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Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors
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1. Call Context

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 enterprises, low carbon, skills, employment, and social inclusion.

The Funds are managed by the Department for Communities and Local Government for European Regional Development Fund, Department for Work and Pensions for European Social Fund and the Department for Environment Food and Rural Affairs for European Agricultural Fund for Rural Development. In London, the Greater London Authority acts as an Intermediate Body for the European Regional Development Fund and European Social Fund programmes. Unless stated otherwise, the term “Managing Authority” will apply to all these organisations. The Managing Authorities work closely with local partners who 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 in the development of project calls (decided by the Managing Authorities) that reflect Operational Programme and local development needs as well as match funding opportunities;
- Advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Funds Strategy to aid the Managing Authority’s assessments at outline and full application stage.

This call is issued by the Department for Communities and Local Government and invites outline applications in respect of the European Regional Development Fund. European Regional Development Fund is specifically focussed on investment to support economic growth and job creation. The call invites proposals in respect of Priority Axis 4 of the European Regional Development Fund Operational Programme; Supporting the Shift Towards a Low Carbon Economy in All Sectors against the requirements set out in this call document.

1.1 National Context

The primary aim of Priority Axis 4 is to support the action to move England’s economy towards a low carbon model by reducing levels of greenhouse gas emissions, increasing the share of renewable energy, and enhancing the energy efficiency of homes, businesses and transport.

There are differences across England in terms of progress towards this, for example levels of carbon emissions reflect industrial activity and transport use and are highest in the South East and North-West and lowest in the North-East, South West and East Midlands.

Whilst the position is not the same in all areas, the key development needs and opportunities that will be prioritised for European Regional Development Fund are shared across all categories of region: market opportunities in the low carbon goods sector, the need to develop holistic whole-place carbon reduction plans, localised renewable energy/micro generation and scope to develop products and services to improve energy efficiency in domestic and non-domestic buildings and within small and medium enterprises apply across all territories.

The interaction between national strategies, such as the Renewable Energy Roadmap, and local European Structural and Investment Funds strategies that draw on knowledge of local conditions and opportunities will ensure that European Regional Development Fund is targeted at specific challenges and potential across different territories at the most appropriate spatial level.

The Operational Programme identifies five Investment Priorities:

- 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; and
- Investment Priority 4f - Promoting research and innovation in, and adoption of, low carbon technologies.

Investment Priority 4a - *Promoting the production and distribution of energy derived from renewable sources. **Specific objective:** to increase the number of small scale renewable energy schemes in England.*

The UK has the ninth lowest share amongst European Union countries of low carbon energy in 2011 with the UK's share of supply being around half that of the European Union average of 26 per cent The European Union 2020 target is to raise the share of European Union energy consumption produced from renewable resources to 20 per cent and in the UK to 15%.

There are limits to the impact that the European Regional Development Fund can make to national renewable energy obligation which will be significantly met through

alternative public/private sector investment in renewable energy infrastructure. The European Regional Development Fund is best targeted at approaches which stimulate micro-energy installations, off-grid energy productions, renewable heat networks and ground source and air source heat pumps in order to address deficits in specific territories as well as development opportunities in places and sectors. However, there is also scope for activity within whole place low carbon plans. Furthermore, support from European Regional Development Fund can build supply chains or provide small-scale infrastructure necessary to unlock bigger renewable energy projects.

Investment Priority 4b - *Promoting energy efficiency and renewable energy use in enterprises. **Specific objective:** increase energy efficiency in particular in SMEs, including through the implementation of low carbon technologies.*

Energy intensity (energy use per unit of value added) has declined by 31.8% between 1997 and 2011. If however UK emissions targets are to be met energy efficiency will need to increase across all sectors. There is a potential for growth in this area to increase non-domestic energy efficiency in England, especially in promoting socially cost-effective investment in energy efficiency, where there is the potential to save 196 TWh in 2020, equivalent to 22 power stations. If this was realised, final energy consumption in 2020 would be 11% lower than current levels.

Generally, companies lack consistent and effective energy efficiency plans and understanding of appropriate measures and energy savings. Small and medium enterprises are particularly adversely affected in this respect and are either unaware of resource efficiency technologies or business processes or lack the know-how about approaches to adopt and embed new methods.

This presents an opportunity to use the European Regional Development Fund to support improvements in the energy efficiency of companies, including the buildings they use.

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

There is a potential for growth in this area to increase energy efficiency in households in England, especially in growing household investment in heat saving measures.

According to the English Housing Survey in 2012, 34% of dwellings had 200mm or more of loft insulation, up from just 3% of dwellings in 1996. Over the same period, the proportion of homes with cavity wall insulation increased from 14% to 40% and the proportion of homes with full double glazing increased from 30% to 79%. A range of measures to improve these kinds of conventional domestic insulation are in place, through national initiatives. Where European Regional Development Fund

can make a particular difference is in innovation-based technologies, and demonstrator activities to develop radical, ultra efficient energy efficiency. These will also stimulate economic growth in business activity, particularly through small and medium enterprise supply chains.

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

This Investment Priority and specific objective recognises that the implementation of low carbon solutions leading to reductions in greenhouse gas emissions is best done holistically as part of integrated strategies. The Investment Priority specifically refers to sustainable multimodal urban mobility but the approach is equally applicable to low carbon transport plans in other types of territory. But transport cannot be looked at in isolation. Urban design, distributed energy, smart grids and other activity also need to be considered within a single, coordinated approach within a specific territory.

Activity under this Investment Priority is based on a holistic approach to the reduction of greenhouse emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies. This includes the development of “whole place” low carbon initiatives through approaches such as smart cities and communities that include low carbon transport infrastructure, energy efficiency, low carbon energy supply and smart meter/smart grid programmes and related ICT platforms, technologies and applications. Where the purpose is to reduce whole place energy requirements or carbon emissions, green and blue infrastructure and other climate change mitigation or adaptation activities are important components.

The Investment Priority requires a low carbon strategy within which actions can be framed. A key implementation step will be the development of such strategies if they do not already exist. The strategy should set a benchmark for greenhouse gas emissions against 2012 data for the local authority areas covered by it. The strategy will be required to show a reduction by the end of the programming period.

Investment Priority 4f - *Promoting research and innovation in, and adoption of, low-carbon technologies.* **Specific objective:** *Increase innovation in, and adoption of, low carbon technologies.*

The United Kingdom and England are currently making good progress in tackling the level of greenhouse gases, and against the Europe 2020 targets.

The Climate Change Act has established a legally binding target to reduce the UK's greenhouse gas emissions by at least 80 per cent below base year levels by 2050. Greenhouse gas emissions in England are currently [28% lower than in 1990](#).

Large scale investments will play an important role in the obligation to develop further renewable energy capacity to assist in meeting the UK greenhouse gas emissions target. However, to meet the challenging targets, there is also need for a lot of small scale investments, particularly in heat and certainly in transport. Therefore the focus of the European Regional Development Fund will be on small scale projects with a low carbon innovation bias.

The focus will be on low carbon technologies and small and medium enterprises who develop and commercialise them, increasing the number of firms in low carbon sectors who are innovation active.

1.2 Local Development Need

In London, the Greater London Authority is an Intermediate Body for the European Structural and Investment Funds programme; this means it will undertake most management and delivery tasks on behalf of the Managing Authorities. This work will be undertaken by the Greater London Authority's European Programmes Management Unit.

As the GLA discharges many of the functions of the Managing Authorities, applications for projects which cover London will be dealt with by the Greater London Authority. Information will be shared with the Greater London Authority for the purpose of carrying out the functions.

European Regional Development Fund in London will invest in activities that help drive economic growth by supporting innovation, promoting small and medium enterprises, and supporting the development of a low carbon economy.

London powers the UK economy; it is the financial centre of Europe; it hosts world class higher education institutions; it is home to more people than other city in Europe. Yet many London boroughs and neighbourhoods are highly ranked via indices of multiple deprivation; its unemployment rate is higher than the rest of the UK, and it is one of the most expensive places to employ workers.

To tackle these and other challenges, European Regional Development Fund is being directed fund priorities which support European Regional Development Fund Operational Programme objectives and add value to the activities presented in the London Enterprise Panel's Jobs and Growth Plan:

- Enhancing the competitiveness of London's small and medium enterprises to support small and medium enterprises to innovate and grow;
- Strengthening science and technology development and fostering innovation in London enterprises to realise the potential for the capital's world class business sectors that drive innovation and growth; and

- Investing in London's infrastructure to ensure that the capital has the underpinning technological, business and low carbon infrastructure to generate growth.

€791 million (about £585 million at current exchange rates) has been notionally allocated to London for the 2014-2020 European Structural and Investment Funds Programme. Of this, about £130 million is allocated for the delivery of the European Regional Development Fund projects.

The key development needs and opportunities for enhancing London's low carbon economy, as set out in the European Structural and Investment Funds Strategy are: to promote market opportunities and drive forward innovation in the low carbon goods sector; to establish localised renewable energy/micro generation facilities, to develop products and services to improve energy efficiency in domestic and non-domestic buildings; and to support small and medium enterprises to use resources more efficiently.

This call is aimed at organisations that will use European Regional Development Fund to work with existing businesses, potential entrepreneurs and public organisations to promote economic growth and support a shift towards a low-carbon economy in all sectors.

Eligible Applicants are therefore likely to include local authorities, public organisations, voluntary and community bodies and some private sector organisations (subject to State Aid compliance). Organisations must be legally constituted and be able to enter into binding contracts.

Through this call the Greater London Authority will not provide grants to private (for profit) businesses seeking support to grow their own business; European Regional Development Fund will provide separate loan/equity schemes to support these types of investments. Proposals from private (for profit) businesses that would provide facilities or services to support the growth of third party businesses will be considered on a cost recovery basis.

All applications invited under this call are for revenue-based (advice and guidance) projects only.

Capital investment under Priority Axis 4 is expected to be delivered through a Financial Instrument called the London Green Fund. The current London Green Fund is a loan and equity fund established under the 2007-2013 European Regional Development Fund Programme and managed by the European Investment Bank in order to invest in low carbon infrastructure initiatives such as the indicative activities listed under Investment Priority 4a, 4b and 4c of Priority Axis 4 of the European Regional Development Fund Operational Programme. An 'ex-ante' evaluation has recently been completed in relation to further investment in the London Green Fund; and fund managers will be openly procured following completion of an investment strategy.

Consortium applications may be submitted with one organisation acting as the lead. The lead organisation would enter into contract with the Greater London Authority and hold responsibility for project delivery, including the delivery by partners. Lead organisations are recommended to form consortia with organisations with which they expect to have successful working relationship

1.3 Scope of Activity

This call responds to the needs as defined in the National European Regional Development Fund Operational Programme under Priority Axis 4, and London Enterprise Panel's European Structural and Investment Funds Strategy. A copy of the European Structural and Investment Funds Strategy is available from www.lep.london/eu. This call is confined to the following Investment Priorities:

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

1.3.1 Investment Priority 4a - Promoting the production and distribution of energy derived from renewable sources. *Specific objective:* to increase the number of small scale renewable energy schemes in England

The UK's [Renewable Energy Action Plan](#) provides a framework for investment and the type of measures that might be implemented with support from European Regional Development Fund. Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:

- 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.

Local Context:

The Mayor has set a target of 25% of London's energy being generated through decentralised energy by 2025. The Greater London Authority has already undertaken the first ever decentralised energy master planning exercise across London and is now supporting the commercialisation of large-scale decentralised

energy projects can heat and power London's existing and new buildings more carbon-efficiently.

It is estimated that to deliver the target of reducing CO₂ emissions by 60% of 1990 levels by 2025 will require £40 billion of investment and to deliver the Mayor's contribution will require £14 billion. These levels of funding are not something that can, or should, be delivered by the public sector alone; hence public sector funding streams being used to attract and unlock private sector investment.

There are limits to the impact that European Regional Development Fund can make to national renewable energy obligation which will be significantly met through alternative public/private sector investment in renewable energy infrastructure. European Regional Development Fund is best targeted at approaches which stimulate micro-energy installations, off-grid energy productions, heat networks including Gas combined heat & power, heat pumps, and low carbon heat for energy intensive industries; this is to address deficits in specific territories as well as develop opportunities in places and sectors. Furthermore, support from European Regional Development Fund can build supply chains or provide small-scale infrastructure necessary to unlock bigger renewable energy projects.

This call will fund activities which provide support to London boroughs and other project sponsors with technical, financial and commercial assistance to develop and bring decentralised energy and waste management projects to market. Some of these pipeline projects may bid for London Green Fund investment and other funds at a later date.

1.3.2 Investment Priority 4b - Promoting energy efficiency and renewable energy use in enterprises. *Specific objective:* increase energy efficiency in particular in small and medium enterprises, including through the implementation of low carbon technologies.

The main target group is *small and medium enterprises*. Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- 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 of support to implement them.
- Supporting increased small and medium enterprise 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.

Local Context:

Using resources efficiently within small and medium enterprises is an important factor for enhancing business competitiveness. Reducing resources used by small and medium enterprises saves money, minimises the environmental impacts of their activities and aids in accessing new eco-markets by improving their environmental performance and management.

The key measures to help small and medium enterprises improve their resource management practices include (but are not limited to) energy and water efficiency; waste management and green procurement; processing technologies; logistics; and market conditions. Although implementing resource-efficiency measures in a business strategy makes business sense, a range of barriers limit take-up such as a lack of time and/or capital to implement the new practices; also limited awareness and an understanding of the benefits and how to realise them.

European Regional Development Fund will finance initiatives that will help small and medium enterprises overcome these barriers, with a focus on adopting more efficient technologies, business practices and using innovative measures, products, processes, and approaches in environmental best practice to improve resource efficiency and productivity within the business.

European Regional Development Fund will also be used to make energy efficiency and renewable energy technologies more accessible to small and medium enterprises, helping smaller businesses to improve their environmental performance without the need for large scale investment. The focus will be on the application of new technologies by small and medium enterprises rather than their development.

Please note: in relation to the first activity listed above “Enhanced advice, support, information and action to promote innovation in businesses...” this includes industrial processes, and how they operate to reduce costs (such as designing out waste). This activity seeks to improve competitiveness and resilience through delivering best practice environmental management and environmental processes, in areas including waste, energy (including advice on recovery of waste heat energy), water, materials, transport and procurement

1.3.3 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 objective:** *Increase energy efficiency in homes and public buildings, including through the implementation of low carbon technologies*

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Provision of advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy systems in housing stock and public buildings.

Local Context:

London's homes and workspaces are estimated to emit around 79% of the Capital's CO₂ emissions. By 2050 it is estimated that 80% of buildings in London today will still be in use: retrofitting these buildings with energy efficiency and energy supply measures is therefore an essential component of the Mayor's strategy to meet the 2025 CO₂ emissions target; this seeks to reduce the capitals greenhouse gas emissions by 60% on 1990 levels by 2025.

In tandem with other Government measures to increase energy efficiency in households in England, European Regional Development Fund can make a difference by implementing innovation-based technologies, and demonstrator activities to develop radical, ultra efficient energy efficiency. These will also stimulate economic growth in business activity, particularly through small and medium enterprise supply chains.

In order to support the Mayor in achieving these greenhouse gases targets, applications will be invited for project development funding (advice and guidance) in the pursuit of increasing energy efficiency and the implementation of low carbon technologies in homes and public buildings. *The investment required to implement these energy efficiency measures will be supported through the London Green Fund.*

This Call will support activities which support revenue-based project (pipeline) development activity required to work with a range of development and delivery organisations to bring forward projects and take them to market. Some of these pipeline projects may choose to bid for the London Green Fund investments and other funds at a later date.

1.3.4 Investment Priority 4f - Promoting research and innovation in, and adoption of, low-carbon technologies. *Specific objective: Increase innovation in, and adoption of, low carbon technologies.*

Under this investment priority indicative actions to be supported by European Regional Development Fund may include:

- Research and development, innovation and supply chain work for low carbon technologies and materials, including wave and wind energy, smart grids, distributed generation, solar and photovoltaics, heat networks, heat pumps and low carbon heat for energy intensive industries.
- Research underpinning carbon capture and storage.

- 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 and Businesses.
- Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes.
- Demonstration and deployment of decentralised renewable energy technologies.
- Research and development, 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).

Local Context:

London faces a number of challenges if it is to maintain its position as a leading global centre over the next 20 years. One such challenge is climate change. Climate change represents significant market failure: Greenhouse gas emissions have been higher than would have been socially optimal. Opportunities stemming from tackling climate change in London extend to potentially positive impacts on output and jobs. Unlocking the low carbon economy in London could drive growth in a market worth £3.8 billion per annum.

Ensuring a competitive environment for science and technology firms and investors is a key priority. The low carbon and environmental goods and services sector is a good example of how this can be achieved. European Regional Development Fund can be invested in activities that support innovation in the low carbon and environmental goods and services sector. This will include projects that accelerate market development, drive technological innovation and support the adoption, deployment and cost reduction of low carbon goods and services across all sectors, as London makes its transitions into a low carbon, resource efficient world city. European Regional Development Fund will act as a stepping stone in London's journey to become a low carbon economic centre.

2. Call Requirements

All Applications are competitive.

- An *indicative* budget of £10 million has been allocated to this call. This is intended as a guide and may be reviewed;
- Proposals should only contain activities which are eligible for European Regional Development Fund;
- Proposals should be for a minimum of £500,000 European Regional Development Fund;
- Applicants will need to have eligible match funding for the balance of costs which must be from a source other than the European Union;
- Operations should be capable of providing coverage of the whole of the London Local Economic Partnership area;
- There is a limit on the duration of projects brought forward under this Call. The Greater London Authority will enter into a Funding Agreement with Applicants for project activities not exceeding 3½ years (42 months) i.e. from the project delivery start date to project delivery end date. There is no minimum duration for project activity;
- Revenue projects should predominantly support businesses based in the London area; projects funded from the European Regional Development Fund allocation are expected to focus activity in and for the benefit of London;
- All procurement must demonstrate compliance with European Union regulations;
- Applicants must demonstrate compliance with State Aid law; and
- All expenditure and activities will be subject to rigorous audit and non-compliance may lead to financial penalty.

European Regional Development Fund cannot be used to duplicate existing activities or activities that do not address market failure. European Regional Development Fund can only be used to achieve additional activity or bring forward activity more quickly. Applicants must be able to demonstrate that what they are proposing is additional to what would have occurred anyway or enables activity to be brought forward and delivered quicker than otherwise would be the case.

3. Required Deliverables

Operations will be expected to achieve the following Programme Deliverables: The definitions can be accessed at [European Regional Development Fund Operational Programme](#).

Investment Priority 4a

ID	Indicator
C1	Number of enterprises receiving support
C30	Additional capacity of renewable energy production
C34	Estimated annual decrease of greenhouse gases

Investment Priority 4b

ID	Indicator
C1	Number of enterprises receiving support
C34	Estimated greenhouse gas reductions

Investment Priority 4c

ID	Indicator
C31	Number of households with improved energy consumption
C32	Decrease of annual primary energy consumption of public buildings
C34	Estimated greenhouse gas reductions

Investment Priority 4f

ID	Indicator
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 greenhouse gas reductions

Applicants will need to be able to demonstrate how they will achieve the deliverables, committed to within their proposal along with any methodology used to record it. Applicants will also need to ensure robust systems are in place, and be able to describe them, to capture and record the targets and to report qualitative and quantitative performance across the London Local Enterprise Partnership area. All operations will be required to collect data and report progress against the deliverables with each claim. Where an operation underperforms against their deliverables they may be subject to a performance penalty.

There must be a fully evidenced audit trail for all contracted deliverables.

4. General Information

Essential information to support the drafting of an application and delivery of a successful European Regional Development Fund funded project is available at the [European Growth Funding](#) website pages.

4.1. Compliance and Eligibility

When developing an application, Applicants should refer to [guidance](#) on eligible Applicants, activities and costs. These are for guidance only and Applicants should take their own specialist advice if in doubt. It is the responsibility of the Applicant to ensure that the rules and guidance are adhered to both at application stage and following approval.

European Structural and Investment Funds are governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation listed in the 'key documents' section prior to submitting an Outline application. If successful, Applicants will enter into the standard Funding Agreement and must abide by the standard terms and conditions contained therein. Applicants are therefore strongly advised to read these terms and conditions to ensure that they would be able to enter into such an agreement prior to responding to the call. Once a Funding Agreement has been issued it should be signed and returned within a short timescale.

4.2. Intervention Rate & Match Funding

European Regional Development Fund is the funding which is used where no other funding can be obtained (the funder of last resort). The maximum European Regional Development Fund contribution rate for the operation is 50%. This means European Regional Development Fund can contribute **up to** 50% of the total eligible project costs subject to State Aid regulations. The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed. The remaining 50% or more must come from other eligible sources.

European Regional Development Fund is not paid in advance and expenditure must be defrayed prior to the submission of any claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

4.3. Applicants

Applicants must be legally constituted at the point of signing a Funding Agreement, and be able to enter into a legally binding Funding Agreement. The Applicant will be the organisation that, if the application is successful, enters into a contract for European Regional Development Fund and therefore carries the liability for ensuring that the terms of the European Regional Development Fund Funding Agreement are met by them and to all delivery partners. If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant. It is this organisation that carries the responsibility and liability for carrying out a compliant project.

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 with this (these) grant(s) have been identified, the Managing Authority will look into these and expect to see how and what steps have been taken to ensure that these have been addressed to mitigate the risk of further irregularities in the future. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

4.4. Cross Cutting Themes/Horizontal Principles

All applications received under this call should 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 the [European Regional Development Fund Operational Programme](#).

4.5. State Aid & 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.¹ 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 or is covered by the De Minimis Regulation. 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

¹ Article 107(1) of the Treaty on the Functioning of the European Union provides that: "Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

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.

Where the Applicant does not perceive that there is any State Aid, it should state whether or not it considers Articles 61 and 65(8) of regulation 1303/2013 to apply. This revenue should be taken into account in calculating eligible expenditure. Article 61 refers to monitoring revenues generated after completion of the project, and Article 65(8) how to deal with differences in the forecast and actual revenues at the end of the operation. The details of this will be tested at the full application stage.

4.6. Funding Agreement

The Funding Agreement is a standard, non-negotiable and legally binding document. Any successful Applicant will be subject to the terms and conditions contained within this agreement. Applicants are strongly advised to seek their own advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Failure to meet any of the conditions of the agreement or the commitments within the application will result in claw back of funding.

Applicants should be aware that additional provisions and securities may be included within the Funding Agreement to protect the investment. These will be further discussed if relevant following the Full Application stage.

4.7. Procurement

All costs delivered by the Grant Recipient (the Applicant) and/or delivery partners must be delivered on an actual cost basis. Other costs must be procured in line with European Union regulations. The most common error identified during audit has been failure to comply with relevant procurement regulations and crucially to maintain a full audit trail to prove that they have complied with the relevant regulation. 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 European Union.

It is recommended that Applicants seek their own legal advice pertaining to their procurement and requirements to publicise any tendering opportunities.

The Managing Authority is not able to give legal advice on procurement. It is the responsibility of the Applicant to ensure the project is compliant in this respect.

5. Application Process & Prioritisation Methodology

There are two stages to the European Regional Development Fund application process; Outline Application and if successful, Full Application. Applicants must fully complete the Outline Application via LOGASnet (section 9 refers). Guidance is available on the [European Growth Funding](#) website pages. Applications will be subject to a Gateway Assessment undertaken by the Managing Authority under the following criteria:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- The fit with the European Regional Development Fund Operational Programme and the call.

Proposals that pass the Gateway Assessment will move into the Core Assessment which consists of the following:

- Strategic fit;
- Value for money;
- Management & control;
- Deliverability;
- Procurement / tendering; and
- State Aid compliance.

The Managing Authority will seek advice from partners when considering applications to ensure its assessment is informed by local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Funds Strategy. This will include the relevant Local Enterprise Partnership Area European Structural and Investment Funds Committee and other partners deemed relevant to the application.

The assessment and any prioritisation will be undertaken using only the information supplied as part of the application process. The Managing Authority cannot accept further detail outside this process.

Non-public sector Applicants who are successful at the Outline Application stage may be subject to due financial diligence checks by the Managing Authority, prior to submission of a Full Application. Applicants will be required to submit accounts, and to clarify financial or other organisational information. New Applicant organisations may be required to provide details of a guarantor.

6. Support

Please note that this is a competitive call and to preserve impartiality we are unable to enter into correspondence with applicants over their Outline application. Details of where guidance can be found are contained throughout this calls document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: ESIFCalls@london.gov.uk .

7. Key Documents

- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- Eligibility Guidance; and
- Target Definitions.

8. Document Checklist

Failure to provide the following documentation will result in the application being rejected

Outline Stage:

- Fully completed Outline Application;
- Financial Tables;
- Outputs, Results and Indicators Tables; and
- Three years financial accounts (if private or voluntary and community sector).

9. Document Submission

Completed Outline Applications must be submitted via the [LOGASnet system](#).

Please note that Applicants will require a user ID and password in order to access the LOGASnet system. Details on how to register on the system can be found on the GOV.UK website [European Growth Funding](#) website pages.

Please allow up to 10 days to receive your login details.

10. Timescales

Launch of Call advertised on gov.uk.	20 th March 2015
Deadline for submission of Outline Application	20 th May 2015

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 contract.

Any changes related to the deadline for the submission of the Outline Application form will be notified on the [European Growth Funding](#) website pages.

11. Formal Agreement of the European Regional Development Fund Operational Programme

The information and references in the call are based on the latest version of the [European Regional Development Fund Operational Programme](#) and are correct at the time of publishing. The Operational Programme may be subject to further amendment during its final negotiations with the European Commission, and subsequent calls will reflect any changes, to the extent that they may affect the terms of calls, that are made. In relation to the present call, the Managing Authority will take the possibility of relevant changes to the Programme into account when assessing outline and full applications, and where such changes occur will notify Applicants of any issues that arise, and propose a method of dealing with them.