



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

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors
Call Reference:	OC22R16P 0364
Local Enterprise Partnership Area:	Liverpool City Region
LEP Area Indicative Fund Allocation:	£18,000,000
Call Open:	Friday 22 April 2016
Call Closes:	23:59 Monday 31 Oct 2016

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1. Introduction

The 2014 to 2020 European Structural and Investment Funds bring the European Regional Development Fund, European Social Fund and part of the European Agricultural Fund for Rural Development together into a single European Union Structural and Investment Funds Growth Programme for England supporting the key growth priorities of innovation, research and development, support for Small and Medium Sized Enterprises, low carbon, skills, employment, and social inclusion.

The 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. These Departments are the Managing Authorities for each Fund. In London, the Greater London Authority acts as an Intermediate Body for the European Regional Development Fund and European Social Fund programmes. In some other areas, Intermediate Bodies are being designated by the Department for Communities and Local Government and the Department for Work and Pensions to perform certain tasks:

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

The Managing Authorities and Intermediate Bodies work closely with local partners 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 (or Intermediate Bodies where designated) in the development of project calls that reflect Operational Programme and local development needs as well as match funding opportunities; and
- Advice on local economic growth conditions and opportunities within the context of the Operational Programme and the local European Structural and Investment Fund Strategy to aid the Managing Authorities' (or Intermediate Bodies where designated) 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 for England 2014 to 2020.

2. Call Context

On behalf of the national Growth Programme Board, the Department for Communities and Local Government (the Managing Authority) invites applications seeking European Regional Development Fund support under:

Priority Axis 4 Supporting the Shift to Low Carbon Economy in All Sectors

Investment Priorities:

- 4a** Promoting the production and distribution of energy derived from renewable resources.
- 4b** Promoting energy efficiency and renewable energy use in enterprises.
- 4c** Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector.
- 4e** Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures.
- 4f** Promoting research and innovation in, and adoption of, low-carbon technologies.

The European Regional Development Fund Operational Programme for England 2014 to 2020 sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority Axis 4** of the Operational Programme aims to move England's economy towards a low carbon model by reducing greenhouse gas emissions, increasing the share of renewable energy and enhancing the energy efficiency of homes businesses and transport.

Any application for funding will be required to clearly demonstrate that it meets the requirement of, and makes a meaningful contribution to, the delivery of the relevant Priority Axis of the [European Regional Development Fund Operational Programme](#).

In addition, applications will be expected to meet identified local development need, as expressed in the scope of this call and as set out in the Liverpool City Region [Local Enterprise Partnership area](#) European Structural and Investment Funds Strategy.

Applicants are advised to familiarise themselves with the detail of the Operational Programme, local European Structural and Investment Funds Strategy and the

relevant documentation listed in sections 5 through to 8 **prior to** submitting an Outline Application.

3. Scope of the Call

3.1. Scope

This call invites Outline Applications which support the delivery of **Priority Axis 4** of the European Regional Development Fund Operational Programme and responds to the local development need set out in the Liverpool City [Region Local Enterprise Partnership area](#) **European Structural and Investment Funds Strategy**.

<p>Indicative Fund Allocation:</p>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £18,000,000</p> <p>The Managing Authority reserves the right to increase or decrease the indicative allocation, or support more or fewer projects subject to the volume and quality of proposals received.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities/Investment Priorities set out in the call.</p>
<p>Minimum application level</p>	<p>European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £1,000,000 will not be supported under this call.</p>
<p>Duration of project approvals</p>	<p>Projects should be for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.</p>
<p>Geographical Scope</p>	<p>All interventions are confined to activity and beneficiaries within England.</p> <p>Projects should predominantly support businesses based within Liverpool City Region Local Enterprise Partnership area.</p>

Specific call requirements	Rolling call – see below for deadline and review points.
Call Deadlines	<p>Outline application deadline: 31 October 2016.</p> <p>Review points:</p> <ul style="list-style-type: none"> • First review point: 6 June 2016. • Second review point: 12 August 2016. <p>For this specific call, applications will be assessed in batches.</p>

3.2. Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 4 of the Operational Programme, one or more of the relevant Investment Priorities and meet the **local development need** expressed in the table below.

LOCAL DEVELOPMENT NEED
<p>Local Economic Context :</p> <p>Priority Axis 4: Low Carbon OPEN CALL April 2016</p> <p>1. Local Economic Context</p> <p>Liverpool City Region covers the Local Authority Districts of Liverpool, Halton, Knowsley, Sefton, St. Helens and Wirral, with a population of 1.5 million people. It is home to over 48,000 Small and Medium Enterprises (SMEs), with an economy worth £28 Billion annually. The City Region’s economy has strengthened over recent years and offers a unique mix of assets and market facing opportunities.</p> <p>Liverpool City Region’s unique Atlantic coastal city location, including the River Mersey, iconic waterfront and the Port of Liverpool, present significant opportunities for future energy generation, low carbon sector development and strengthening the City Region’s position as a low carbon logistics hub and an attractive and resilient place for future investment. In particular, the Mersey estuary and tidal waters of Liverpool Bay offer a unique resource with the potential to generate a significant proportion of the region’s future energy needs.</p> <p>The Liverpool City Region estuary has one of the largest tidal ranges in the UK and the Liverpool City Region considers it to be one of the best locations in the UK for a tidal power scheme. A Devolution Settlement for the City Region signed in December 2015 will enable a direct conversation with Government about renewing the energy infrastructure for the region. https://www.gov.uk/government/publications/liverpool-devolution-deal</p> <p>The low carbon environmental goods and services sector in Liverpool City Region is</p>

made up of some 1,200+ companies that employ around 22,000 people and command sales worth more than £2.7 billion per year. Demand for low carbon environmental goods and services is growing. In 2012/13 the sector grew at 4.9%.

A key sector strength is offshore wind. Environmental conditions mean that the areas off the coast of the City Region offer the some of the best wind resources in Europe. The scale and size of the UK offshore wind market offers a range of supply chain opportunities in design, build, maintenance and operation. More supply chain capacity is needed to meet future demand from this sector. Other strongly performing industries include installers of micro-generation technologies, businesses, which retrofit energy efficiency measures and the biomass sector.

There is significant scope for developing a Circular Economy approach in the City Region. Using our existing strengths in sustainable waste and resource management there is scope for sector development and growth through supply chain development and the sustainable management of potential energy resources, for example food waste and biomass.

The low carbon economy also links strongly to Liverpool City Region's [Innovation Plan](#) with overlap in areas of smart specialisation, offshore and marine technologies and sensors. The Innovation Plan has within it an innovation ecosystem, which will support the growth in four priority areas, including 'Solutions for Sustainable Growth'.

Local Priorities:

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

Liverpool City Region has an aspiration to be energy self-sufficient within 20 years. It is an aspiration which the City Region has many of the natural, built and business assets to achieve, whether it is through the ways that energy is generated; the way it is distributed through smart grids, heat and energy networks, or the way it is consumed and preserved through energy efficiency actions and building retrofitting schemes. Activities to deliver this aspiration are the cornerstone of the investment priorities for Liverpool City Region under Priority Axis 4 (PA4).

ERDF Low carbon priorities for Liverpool City Region sit within the blue green economy portfolio of the [Liverpool City Region European Structural Investment Funds Strategy](#). Whilst this portfolio covers investment priority axis PA4 and PA6 of the ERDF Operational Programme, the scope of this call is solely for PA4 (supporting the shift to a low carbon economy).

The low carbon priorities for Liverpool City Region are underpinned by the Liverpool City Region's [Low Carbon Economy Action Plan](#) (LCAP) and the [Sustainable Energy Action Plan](#) (SEAP), which highlight strategic low carbon activities across the City region, including area-based solutions. They are also supported by both the LCR [Green Infrastructure Investment Prospectus](#) and the LCR Sustainable Urban Development Strategy – a call for this is expected to open in July 2016.

The SEAP identifies a number of opportunities for investment in low carbon

infrastructure. Work is on-going to update the SEAP in 2016. Future versions of the SEAP will promote the community energy agenda and green infrastructure for strategic investment areas. Better energy management of buildings is a strategic priority, including those within the public sector, within large corporations (implementing the recommendations of ESOS), and within our SMEs. Further information will be available as appropriate during the call period.

ERDF funds under Priority Axis 4 (shift to a low carbon economy) for Liverpool City Region will be targeted at activities that can deliver significant reductions in GHG emissions, whilst contributing to the wider economic development aspirations of City Region. It will be expected that projects will also be able to demonstrate innovative technologies, processes and / or approaches, and wider public benefits to the city region.

PLEASE NOTE:

The Local Enterprise Partnership supports potential applicants with technical advice to support the development of outline bids for ERDF funding. It is recommended that all prospective project applicants make contact with the LEP EU Team in advance of their project submission.

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Partnerships and consortia bids will be welcomed.

Projects must clearly demonstrate how they support the delivery of the aims and objectives of the Liverpool City Region Low Carbon Plan and SEAP as well as the LCR ESIF Strategy

Applicants who wish to deliver Low Carbon Business Support offering business support must demonstrate how they will align with and work alongside the Liverpool City Region [Local Growth Hub](#). Also, from 2016, an Eco-Innovatory, run by Liverpool John Moores University in Partnership with University of Liverpool and partly funded through ERDF PA4f, will support local business in the early stages of developing low carbon goods and services, linking this into the research capacity within relevant institutions. Any projects offering low carbon business support, must explain how they will complement and work with this project.

It is also strongly recommended that prior to contacting the LEP, prospective bidders read the available information on <https://www.gov.uk/european-structural-investment-funds> and develop a good grasp of the ERDF Operational Programme, particularly guidance on the scope of funding, eligibility, and projects which generate revenue. This includes guidance relevant to PA4 (January 2016 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49540/2/ESIF-GN-2-009_ERDF_Priority_Axis_4_Guidance_v2.pdf)

For this call, a maximum of £18m ERDF is being made available across the five priority themes, from which a minimum value of £500,000 ERDF can be applied for per project.

Projects should be delivering to the following outputs: CO01, CO05, CO26, CO29, CO30, CO31, CO32 and CO34. We are particularly interested in projects, which deliver CO01, CO31, CO32 and CO34. We expect all project applicants to be able to show how they will report GHG reductions with a proven methodology.

This call is focused on the following PA4 investment priority areas in line with local development needs:

3.3. Operational Programme Investment Priorities

Applications must specify the activities to be delivered and are expected to directly contribute to **one or more** of the following Investment Priorities:

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	<p>There remains a significant market failure around the lack of certainty with regard to regulation and support mechanisms to encourage the up-take of renewable energy. In order to flexibly meet future energy demands, there needs to be long term and efficient programme of renewable energy generation schemes, coupled with sustainable energy infrastructure development across the City Region.</p> <p>Liverpool City Region wants to utilise ERDF funding to support activities to ensure that a greater proportion of energy generated and consumed in the City Region is from renewable sources, through developing and deploying low carbon solutions such as decentralised energy and heat networks; community energy schemes; micro generation; and smart energy and demand management concepts. The focus on ERDF support for renewable energy production is on innovative technologies, processes or approaches for micro generation, as opposed to large scale deployment.</p> <p>Liverpool City Region would also like to see activities come forward which support local supply chain businesses within the renewable energy sector (including off shore wind and marine energy), to assist them to build capacity and capability to get 'ready to bid' for large scale contracts; showcase their products and services to the marketplace;</p>

exchange knowledge across the supply chain and promote opportunities to diversify into the renewables supply chain.

Whilst not precluding any eligible projects coming forward under PA4a, which align to the strategic priorities of the City Region, specific priority will be given to proposals which address current market failures:

- Accelerate the deployment of micro-generation technologies at scale;
- Provide cost-effective solutions for the distribution of energy generated from low carbon and renewable energy sources to customers;
- Develop inter connected localised heat and distributed local energy systems (including energy storage & smart grids)
- Combine power generation with energy storage to demonstrate the benefits of demand side grid balancing, particularly those targeted at sites with demonstrated constraints on grid capacity.
- Increase the proportion of local biodegradable waste that is converted into energy, e.g. through anaerobic digestion. Particularly those, which recover heat for use in district heating schemes.
- Implement local community energy schemes – delivering renewable energy projects on behalf of third sector institutions, social enterprises and SMEs
- Install renewable technologies on multiple buildings in a locality, as part of a whole place low carbon plan for, say, a business park, campus, residential block, especially those where the operation of systems can be aggregated as part of a demand side management strategy
- Support capability and capacity building for supply chains in renewable energy, in particular linked to the sector strengths of Liverpool City Region, including the offshore wind, tidal and biomass sectors.

PLEASE NOTE

- Projects must support the delivery of a low carbon strategy, which is benchmarked against relevant local authority data as specified in [England's ERDF Operational Programme](#).
- Proposals should support Liverpool City Region's aspiration, as part of the [Sustainable Energy Action Plan](#), to generate a higher percentage of energy from decentralised renewable generation sources within the region.

	<ul style="list-style-type: none"> • Projects in receipt of ERDF funding cannot claim other government incentives such as FIT and RHI. • Projects should identify relevant linkages with other investment priorities, in particular 4c – <i>supporting renewable energy for public infrastructure</i> and 4e – <i>deployment of low carbon and renewable technologies as part of a whole place plan</i> and justify why they are applying under priority axis 4a. • Projects should be fully developed and be seeking ERDF to deliver the project; applicants should not be seeking ERDF to support the identification of community groups for community energy schemes or the undertaking of feasibility work for a whole place solution • We would welcome projects related to the off shore wind energy supply chain which propose activity on a cross LEP basis • All projects offering business support must demonstrate how they will align with and work alongside the Liverpool City Region Local Growth Hub • Any capital investment should also align with the emerging commissioning framework for capital investment in the City Region. • Projects should identify how they will deliver relevant output targets in relation to 4a including GHG reductions.
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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

Energy efficiency is at the centre of Liverpool City Region's shift towards a low carbon economy, reducing costs, decreasing greenhouse gas emissions, driving innovation and reducing the strain on our existing energy capacity.

Liverpool City Region's businesses must actively manage their energy consumption so that net increases in energy use do not result in increased emissions. Due to a number of factors, SMEs tend to have a short-term view of their business with little room for long-term planning. As such, many organisations do not prioritise the environmental costs of their actions and have a lack of understanding of the long-term cost of their production and consumption choices and the cost savings that can be achieved from becoming more energy efficient, competitive and more resilient to changes in energy markets.

Whilst not precluding any eligible project coming forward under PA4b, which align to the strategic priorities of the City Region, specific priority will be given to proposals which:

- Stimulate awareness of the business benefits of energy efficiency and drive market demand across the Liverpool City Region for energy efficient technologies.
- Raise awareness amongst SMEs of the opportunities to invest-to-save in energy efficiency measures and low carbon technologies, both across their business processes, and within their buildings.
- Combine energy audit activity with on-going support to implement measures e.g. capital investment in buildings
- Demonstrate consideration of innovation e.g. 'aggregation' as part of a demand side response strategy, assessments of grid capacity, power load profiles for energy storage.
- Address market failure barriers for 'hard to reach' SMEs, for example solutions for business that are renting space within a multi-tenanted building.

PLEASE NOTE:

- Projects will be required to accurately report GHG emissions savings associated with the uptake of actions undertaken by businesses as a direct result of interventions.
- Support under PA4b is for energy efficiency and not wider resource efficiency

	<ul style="list-style-type: none"> • All projects offering business support must demonstrate how they will align with the wider business support delivery structure and objectives of the City Region and work alongside the Liverpool City Region Local Growth Hub • Projects should identify relevant linkages with other investment priorities, in particular <i>4a – the production and distribution of renewable energy</i> and <i>4e – deployment of low carbon and renewable technologies as part of a whole place plan</i> and justify why they are applying under priority axis 4b. • Projects should identify how they will deliver relevant output targets in relation to PA4b.
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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 of homes and public buildings, including through the implementation of low carbon technologies.
Indicative Actions	<p>The building sector is one of the key consumers of energy and addressing energy consumption in buildings is vital for Liverpool City Region in terms of energy efficiency and the opportunity for innovative low carbon technology development.</p> <p>80% of the UK’s current building stock will exist in 2050. There are 150,000 dwellings in the social rented sector in Liverpool City Region¹. While significant efforts have and are being made to improve their energy efficiency, huge opportunities remain in this sector. In addition, Liverpool City Region has a large number of public buildings, including culturally significant heritage buildings, which would greatly benefit from the implementation of energy efficiency measures and/or deployment of low carbon and micro-generation technology.</p> <p>The City Region would like to see a coordinated approach to overcome barriers which currently prevent public sector building owners from addressing innovative low carbon solutions to increase the use and take up of low carbon technologies, energy efficiency measures, renewable</p>

¹<https://www.liverpoollep.org/wp-content/uploads/2015/06/Liverpool-City-Region-Spatial-Investment-3.pdf>

energy technologies and smart energy systems at the rate and scale necessary to achieve significant carbon reduction savings across the public estate.

Whilst not precluding any eligible project coming forward under PA4c, which align to the strategic priorities of the City Region, specific priority will be given to proposals which:

- Deliver scaled implementation of energy efficiency measures, particularly those that include an innovative technology, construction process and/or delivery mechanism.
- Work with a trade association or body that represents a near to market technology, and seeks to build a data set to demonstrate the efficacy of that technology in reducing energy and emissions, particularly for inclusion in national methodologies.
- Invest in public buildings to improve energy efficiency and/or increase low carbon energy generation technologies, particular those which link buildings to their surroundings and local public infrastructure such as street lighting (only as part of a wider whole place low carbon plan)
- Enable combined heating strategies for public buildings and housing, particularly those with the potential to connect to wider district energy schemes
- Originate from up to date carbon management / energy plans or similar low carbon strategies.
- Demonstrate how they will stimulate local procurement

PLEASE NOTE:

- Standard retrofit activities will not be supported as part of the call. Projects need to demonstrate that they are innovative through for example utilising a range of technologies and/or delivering alternative approaches to address market failures.
- Projects should identify relevant linkages with other investment priorities, in particular *4a – the production and distribution of renewable energy* and *4e – deployment of low carbon and renewable technologies as part of a whole place plan* and

	<p>justify why they are applying under priority axis 4c.</p> <ul style="list-style-type: none"> • Projects should identify how they will deliver relevant output targets in relation to PA4c.
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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	<p>In its growth plan, Liverpool City Region has identified a network of key strategic sites to drive forward business growth and commercial investments including the city region’s enterprise zones, Mayoral Development zones, 3MG in Halton, Knowsley Industrial Park, Atlantic Park in Sefton, Parkside in St Helens, Wirral Waters and Stonebridge Cross in Liverpool. It also has science and innovation strengths at Daresbury and Liverpool Knowledge Quarter, with a number of key development opportunities.</p> <p>Work is in development to ensure that the freight network (road, rail and water) is capable of enabling the expansion of the City Region as a logistics and freight hub and that key employment sites are appropriately connected to the City Region transport network. The LCR Sustainable Urban Development Strategy seeks to better connect strategic investment areas with communities through sustainable transport (e.g. cycle ways) and green infrastructure links.</p> <p>There are significant opportunities to deliver holistic ‘whole place’ low carbon solutions, aligned to areas of growth in the City Region. The Green Infrastructure Prospectus produced for the City Region in 2015 identifies that that GI and energy are readily integrated, and that there are potential opportunities for GI energy production on sites, with multiple benefits.</p> <p>Whilst not precluding any eligible project coming forward under PA4e, which align to the strategic priorities of the City Region, priority will be given to proposals which:</p> <ul style="list-style-type: none"> • Implement new energy infrastructure in the context of a place based approach, which considers the local

	<p>surroundings and community. Projects brought forward in support of a formalised / locally endorsed whole place plan are encouraged.</p> <ul style="list-style-type: none"> • Invest in local/regional smart grid demonstration projects, including validation and solving system integration issues. • Deliver connected ‘whole system’ energy transformations, incorporating energy connections and storage solutions • Target support (aligned with Priority Axes 4a, 4b, 4c and 4f) to enterprises in a specific geographical area, for example a business park. • Take a holistic approach to planning resilient energy infrastructure by finding synergies between multiple partners and balancing onsite energy use to reduce grid constraints (smart grid approaches, district heat networks). • Enable the transmission of low carbon energy generation to nearby buildings. • Accelerate development and installation of renewable energy technologies and innovative low carbon solutions to increase the renewable energy capacity of the city region, through delivery of “whole place low carbon solutions”. • Bring together activities linking renewable energy & green Infrastructure within a geographically defined area, in line with the LCR Green Infrastructure Study. • Store low carbon energy for use in external lighting/ street lighting on public or private land as part of a whole place plan, particularly for the benefit of SMEs, public institutions and the third sector.
<p>Indicative Actions</p>	<p>PLEASE NOTE:</p> <ul style="list-style-type: none"> • Projects must support the delivery of a low carbon strategy, which is benchmarked against relevant local authority data as specified in England’s ERDF Operational Programme. The Liverpool City Region Baseline Carbon Emissions for 2011 is 9,420ktCO2 https://www.gov.uk/government/statistics/local-authority-emissions-estimates • Applicants should note that an open call is envisaged for the LCR Sustainable Urban Development (SUD) Strategy in July 2016. This is focused on sustainable urban mobility, transport related low carbon technology and alternative transport fuels • Projects should be fully developed and be seeking ERDF to deliver the project; applicants should not be seeking ERDF to support the identification of community groups for community energy schemes or

	<p>the undertaking of feasibility work for a whole place solution</p> <ul style="list-style-type: none"> • Projects should identify how they provide Local Strategy Fit with LCR Sustainable Urban Development Strategy and the LCR Green Infrastructure Study.
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Investment Priority	4f – Promoting research and innovation in, and adoption of, low-carbon technologies.
Specific Objectives	<p>Innovation is at the core of a shift to a low carbon economy. Liverpool City Region has a substantial number of R&D capabilities and assets, in areas such as marine energy, oceanography, sensor technologies, water innovation, food and agri-tech and the built environment. Social innovation, particularly in the ‘future city’ agenda, is an essential cross-cutting strand of activity.</p> <p>‘Solutions for Sustainable Growth’ has been identified as one of the four priority areas of focus in the Liverpool City Region Innovation Plan, with a specific focus on marine energy and hydrogen.</p> <p>Over the next six years, the city region will see substantial investment across the energy sector, including off-shore wind investment (driven by the proximity of the Irish Sea offshore wind development zone and Centre for Offshore Renewable Engineering [CORE] status), waste-to-energy plants in some of the area’s largest manufacturers, and research required for a Mersey Tidal scheme creates a powerful supply chain for research and technology application.</p> <p>Liverpool City Region has unique energy supply chain asset from pipeline connected bi-product hydrogen, and a</p>

	<p>growing cluster of high tech, innovative companies that could enable the City Region to be one of the first in the UK, if not Europe and the world to develop an integrated hydrogen network.</p> <p>Whilst not precluding any eligible project coming forward under PA4f, which align to the strategic priorities of the City Region, priority will be given to proposals which:</p> <ul style="list-style-type: none"> • Develop technology, operational and maintenance innovation and best practices to accelerate the deployment of marine energy technologies at scale. • Develop innovation solutions for using bi-product produced hydrogen for cost effective, distributed, low carbon energy. • Develop innovative demand response, grid balancing and energy storage opportunities. • Deliver scaled demonstration and adoption of technologies and systems that support low- energy transport • Deliver 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).
<p>Indicative Actions</p>	<p><i>PLEASE NOTE:</i></p> <ul style="list-style-type: none"> • Applicants should note that an open call is envisaged for the LCR Sustainable Urban Development (SUD) Strategy in July 2016. This is focused on sustainable urban mobility, transport related low carbon technology and alternative transport fuels • From 2016, an Eco-Innovatory, run by Liverpool John Moores University in Partnership with University of Liverpool and partly funded through an earlier ERDF call under PA4f, will support local business in the early stages of developing low carbon goods and services, linking this into the research capacity within relevant institutions. Any projects must explain how they will

	complement and work with this project, where relevant.
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4. Required Outputs under this Call

Projects must deliver against the Priority Axis 4 outputs of the European Regional Development Fund 2014 to 2020 Operational Programme. For projects coming forward under this call the expected outputs and results are:

ID	Output 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
C30	Additional capacity of renewable energy production
C31	Number of households with improved energy consumption
C32	Decrease of annual primary energy consumption of public buildings
C34	Estimated greenhouse gas reductions

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund, will achieve the outputs committed to within the

proposal. The application should clearly state the methodology used to determine the levels of outputs proposed.

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 & Prioritisation Methodology

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

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

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

Applicants must fully complete the [Outline Application](#) which will be assessed by the Managing Authority against all of the national [Selection Criteria](#) except where an Intermediate Body has been designated to assess against some of the selection criteria. Where an Intermediate Body has been designated to undertake delegated tasks, the Intermediate Body will undertake the assessment against those selection criteria in relation to fit with local priorities.

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

The Gateway assessment is undertaken by the Managing Authorities and considers:

- applicant eligibility;
- activity and expenditure eligibility; and
- fit with the National Operational Programme and the local development need set out in section 2.

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

In areas where an Intermediate Body has been designated, the following will apply:

The Intermediate Body will assess the application against the following Core assessment criteria:

- Local Strategic Fit

The Managing Authority will assess the application against the following Core assessment criteria:

- National Strategic Fit
- Value for money
- Management and control
- Deliverability
- Compliance
 - Procurement
 - State Aid
 - Publicity requirements
- Cross cutting themes
 - Environmental sustainability
 - Equal Opportunities

The Intermediate Body will also provide advice to the Managing Authority to assist the Managing Authority to make its assessment against the following Core selection criteria:

- Value for money
- Deliverability

Having assessed projects against these criteria the relevant Local Economic Partnership area European Structural and Investment Fund Sub-Committee will advise the Managing Authority or Intermediate Body as relevant on the contribution to local economic growth conditions and opportunities within the context of the Operational Programme and local European Structural and Investment Fund Strategy to aid the Managing Authority's assessments (at outline and full application stage).

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

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

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 2014-2020 European Regional Development Fund Programme. It is the responsibility of the Applicant to ensure that the 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 grant. Applicants are strongly advised to seek specialist advice if in doubt on any requirement.

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, Applicants will enter into a 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 are 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 30 days, unless otherwise agreed with the Managing Authority.

6.2. Eligible Applicants

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply.

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 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 how and 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 & Match Funding

European Regional Development Fund is normally expected to intervene where no other funding can be obtained (i.e. the funder of last resort). 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. Applicants will need to demonstrate that they have eligible match funding in place for the balance of costs. Other European Union funds cannot be used as a source of match funding.

European Regional Development Fund investment is limited by State Aid regulations and where the award of European Regional Development Fund would constitute State Aid the European Regional Development Fund grant rate may fall below the 50% maximum.

European Regional Development Fund is paid quarterly in arrears and expenditure must be defrayed prior to the submission of any Grant claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

6.4. Project Timescales

European Regional Development Fund funding will normally be approved for three years, however the Managing Authority reserves the right to extend the contract term in exceptional circumstances.

Projects approved through this call are expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected,
- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected, and
- Be completed by June 2023.

6.5. Capital Projects

Applicants seeking European Regional Development Fund to support a capital project (i.e. land and/or property) will need to meet Building Research Establishment Environmental Assessment Method or Civil Engineering Environmental Quality Assessment 'Excellent' for new builds and 'Very Good' for refurbishments.

Applicants will need to provide evidence of how they will achieve the rating required (unless otherwise agreed with the Managing Authority).

Applicants will need to demonstrate that they have the rights and permissions to undertake the project and must provide:

- Proof of current interest in the land and/or property, which includes evidence of the freehold ownership or any lease arrangements that may be in place; and
- Evidence of the approval of any planning permission, or in certain circumstances a clear statement on the process for securing such consents and any risks to the project.

Royal Institute of British Architects Stage D costs must be supplied with the Full Application and be certified by an independent Quantity Surveyor and Land/Property contributions certified by a Real Estate Valuation expert who are current and chartered members of the Royal Institute of Chartered Surveyors/ Chartered Institute of Builders or equivalent body.

Successful Applicants will be required to provide security to the Managing Authority in the form of a Legal Charge and/or Deed of Covenant over the land and/or property. Applicants will be responsible for registering the charge at their own cost.

6.6. 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](#).

6.7. Additionality, Duplication and Displacement

Additionality is a core principle of European Regional Development Funding.

Applicants must be able to demonstrate that the activity paid for out of European Regional Development Funding adds value to new or existing activity. Projects need to demonstrate that without the support of European Regional Development Funding the activity would not have taken place.

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

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

6.8. State Aid & 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.² 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 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. 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. This revenue should be taken into account in calculating eligible expenditure. The details of this will be tested at the full application stage.

6.9. 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 relevant advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Applicants are advised that additional provisions and securities may be included within the Funding Agreement to protect the investment. Detailed advice will be given if appropriate at the Full Application stage.

² 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."

Failure to meet any of the conditions of the Funding Agreement or the commitments within the application will result in claw back of the Grant (which may include interest).

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 European Union regulations. Procurement will be subject to audit and verification and any irregularity will result in 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 European Union.

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 grant.

7. Support

Please note that this is a competitive call and to preserve impartiality the Managing Authority and, where appropriate, the Intermediate Body are unable to enter into correspondence with applicants over their Outline Application. Details of where guidance can be found are contained throughout this call document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: . NW.ERDFENQUIRIES@communities.gsi.gov.uk

8. Key Documents

- European Regional Development Fund Operational Programme;
- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;

- Eligibility Guidance;
- Target Definitions; and
- Funding Agreement (Revenue and/or Capital).

9. Document Checklist

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

Outline Stage:

- Fully completed Outline Application;
- Financial Tables; and
- Outputs, Results and Indicators Tables.

10. Document Submission

Completed Outline Applications must be submitted via **email** to the address in Section 7.

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 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.