

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:	OC34R16P 0378
Local Enterprise Partnership Area:	Tees Valley
LEP Area Indicative Fund Allocation:	£10,500,000
Call Open:	29 April 2016
Call Closes:	23:59 on 30 September 2016 Review Points: 23:59 on 31 May 2016 23:59 on 29 July 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. Unless stated otherwise, the term “Managing Authority” will apply to all these organisations. The Managing Authorities work closely with local partners who provide:

1. Practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets;
2. 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; and
3. Advice on local economic growth conditions and opportunities within the context of the Operational Programme and the local European Structural Investment Fund 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 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.
- 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 [Tees Valley](#) 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

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 [Tees Valley Local Enterprise Partnership Area European Structural and Investment Funds Strategy](#).

Indicative Fund Allocation:	<p>Indicatively, through this call the Managing Authority expects to allocate up to £10.5 million.</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>
Minimum application level	<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>
Duration of project approvals	<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>
Geographical Scope	<p>All interventions are confined to activity and beneficiaries within England. Projects should predominantly support businesses based within Tees Valley Local Enterprise Partnership area.</p>
Specific call requirements	<p>DCLG has developed a Priority Axis 4 guidance note for applicants which will be published on the Government's European Structural Investment Fund webpages. Applicants are strongly advised to read the latest guidance in conjunction with developing their proposals, noting the</p>

	<p>following:</p> <ul style="list-style-type: none"> • Under Investment Priority 4b projects supporting SMEs need to deliver energy efficiency not wider resource efficiency; • Under Investment Priority 4c standard retrofit activity will not be supported; • Under Investment Priorities 4a and 4e projects must support the delivery of a local low carbon strategy which sets benchmarks against relevant local authority data as specified in the Operational Programme; • Under Investment Priority 4f projects will need to reference how the activities proposed are consistent with the priorities in England Smart Specialisation Strategies. <p>In considering projects received under this call the Managing Authority will take account of the outcome of the first review point on 29th January 2016 and seek advice from the local ESI Funds Sub-Committee.</p> <p>Proposals under this call will need to ensure that they complement and do not duplicate activities to be supported through the Tees Valley Business Compass. Applicants are therefore encouraged to consult with the Local Enterprise Partnership prior to submitting an application.</p>
Call Deadlines	<p>For this specific call, applications will be assessed in batches at set review points. The review points for this call are 31 May 2016, 29 July 2016 and 30 September 2016. Any applications submitted after the 30 September 2016 will not be assessed.</p>

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

Local Economic Context :

The Tees Valley has a population of 666,000 people and contributes over £11 billion a year to the national economy through its major hub status for the process and chemical industries and its growing reputation for advanced manufacturing excellence (particular specialisms include oil and gas, subsea, biologics and automotive), low carbon (offshore wind and energy from waste) and the digital/creative economy. The Tees Valley boasts many competitive advantages; it is home to major industries that export products and services across the globe; a 14,500 strong SME base; a skilled workforce supported by leading colleges, universities and national knowledge centres; and a major port, airport and direct rail routes to key locations.

Tees Valley's energy-intensive integrated cluster of process and advanced manufacturing firms defines our economy, with over 1,400 local companies in the supply chain, employing over 10,000 people and together they comprise 50% of the UK's petrochemicals GDP. Retaining our energy intensive industries is vital, both to our economy, as a major employer and contributor to local economic growth through SME supply chains, and the national economy, given the significant contribution our process sector plays in underpinning manufacturing, construction and consumer sectors in the UK.

The [Tees Valley Strategic Economic Plan 2014](#) set the vision for Tees Valley to move towards a high value, low carbon economy. Tees Valley is increasingly being seen as a low carbon investment destination, through opportunities lined to offshore wind (with the Dogger Bank located off the North East coast and the Tees Valley's fabrication and logistics expertise means we are one of the government-designated Centres of Offshore Renewable Engineering), our thriving subsea cluster and the growth in biomass and biofuels operations.

To build on this progress, we recognise that we must reduce our energy intensity and improve efficiency and productivity amongst SMEs. At present, Tees Valley is home to 58% of the UK's major users of energy in the process and chemical sector, accounting some 5% of UK industrial emissions. In order to move towards a low carbon economy, we must safeguard our existing businesses, enable our SMEs to improve energy efficiency and support them to access new markets, as well as improving housing stock, a major contributor to emissions.

Low Carbon is a key innovation priority set out in the 2015 [Tees Valley Innovation Strategy](#) and the [Tees Valley European Structural and Investment Funds Strategy 2014](#) states that "developing, producing and efficiently using low carbon energy and resources is vital to grow our economy and reduce our currently high levels of carbon emissions. Furthermore, we are exploring investment in the retrofitting of existing housing stock in order to further reduce emissions."

The Tees Valley has available significant quantities of industrial heat in a concentrated area. This provides the opportunity for development of novel processes to distribute, transform or use this energy source and reduce emissions from on purpose generation. These have not yet been exploited to a significant extent despite studies ([North and South Tees Development Framework](#), A District Heating Utility for Tees Valley, [Strategic Framework 2010](#) and the [Study into Strategic Use of Waste Heat and Supply of Private Sector Customers 2011](#)) We need to explore and demonstrate how this might happen.

The area has a number of Combined Heat and Power Units (CHPs) in operation with more planned or under construction based on renewable feedstocks, together with substantial power generation in industrial processes, including from biomass. This provides the opportunity to develop smart infrastructure which would reduce emissions and costs simultaneously for industry and the consumer.

The area is developing a Hydrogen Economy approach based around existing technological expertise, production capacity and infrastructure. This provides (see EE Report) opportunities in the industrial and transport area for the Tees Valley to develop applications for hydrogen uniquely at scale.

Whilst a major thrust in delivering a low carbon economy has been around Carbon Capture & Storage (CCS) deployed in an Industrial Cluster, the opportunity to use existing supplies of high purity CO₂ in manufacturing is a longer term goal including the demonstration of technologies to utilise CO₂, CO and Hydrogen. Finally the region has been working for some time to develop the concept of a bio refinery where renewable or raw materials are transformed into useful products which can be readily recycled. There has been substantial investment in development assets which provide opportunities for innovation.

The Tees Valley Strategic Economic Plan 2014 also recognised the role that transport can play in reducing carbon emissions. It stated that local partners will work together to determine suitable approaches to enable growth through sustainable transport, helping to reduce carbon emissions, increase employment and provide travel to work solutions for the area.

The transport sector accounts for some 17.5 % of emissions in the Tees Valley and 27% nationally. There is also the potential for a more rapid growth in private transport use in the Tees Valley with car ownership currently lower than the national average (30.5% of people in Tees Valley do not have a car, compared to 25.6% nationally).

The Tees Valley Low Carbon Action Plan identifies activity relating to the Investment Priorities as set out in the Operational Programme although it was not driven by this. Technologies introduced would be expected to make a reduction in GHG

Local Priorities:

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

Investment Priority 4a) Promoting the production and distribution of energy derived from renewable resources.

Proposals which exploit existing strengths whilst developing the use of renewable sourced energy will be given priority. Any technologies developed must result in a reduction to GHG emissions.

Projects should support:

- Maximising the use and further development of the existing supply chain and skills base in renewable energy;
- Development and exploitation of renewable supply chain to develop energy supply opportunities;
- Development of existing and potential renewable heat networks;
- Developing technologies to use lower grade heat from renewable sources.
- Development of biofuels activity.

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

Proposals which could support the take up of low carbon energy solutions and support the proposed development of district heating networks in the Tees Valley will be given priority

As an area where energy intensive industry, industrial infrastructure, renewable power generation and commercial activities exist close to population, proposals should seek to exploit/develop:

- New technologies and approaches to the integration of renewable/low carbon energy production and use especially in the areas of smart energy management;
- New methods of energy storage to enable demand management of energy consumption across region in industrial commercial and domestic sectors.
- Renewable or low carbon fuelled CHP for all sectors

Housing Retrofit

Proposals should consider the use of a range of technologies. Priority will be given to proposals with innovative technology solutions. Standard retrofit projects will not be supported.

Proposals should consider improving the energy efficiency of existing housing stock in Tees Valley, removing residents from fuel poverty, lowering carbon emissions and boosting both technology innovation and the competitiveness of SMEs in the supply chain.

Retrofitting activity for either or both social and private housing.

Proposals must:

- Complement but not duplicate existing provision available to households in Tees Valley through, for example, the Energy Company Obligation (ECO), Warm up North, Green Deal and the Renewable Heat Incentive (RHI).
- Be aligned with the strategic housing priorities of the five Tees Valley local authorities.
- Ensure the adoption of low carbon construction techniques and solutions and support the commercialisation of next phase technologies if and when appropriate.
- Consider the potential alignment with district heating and other such initiatives being undertaken across Tees Valley.
- Factor in the ability to boost the competitiveness of local SMEs in the construction supply chain into potential programmes.

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.

Activity under this investment priority is based on a holistic approach to the reduction of Green House Gas emissions, ensuring that actions are integrated within the framework of an overarching strategy or strategies.

The following types of activity will be given priority:

- Introduction of low emission/alternative renewable fuelled road transport vehicles to organisations;
- Application of alternative low emission fuels in marine and rail sectors;
- Promotion of more fuel efficient practices through driver training;
- Marketing initiatives targeted at individuals and businesses, to reduce the reliance on private road transport and secure take up of renewable low emission fuels

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

Proposals which consider the identification and development of opportunities to demonstrate innovative low carbon technologies will be given priority. These could include activity to support:

- The production and use of hydrogen from renewable or conventional sources. This could include projects to develop Tees Valley's contribution to a hydrogen fuelled transport sector and infrastructure as well as application of

hydrogen to industrial processes and to energy transportation and storage. A specific element in the development of a low carbon economy is a decarbonised transport sector and associated supply chain.

- Use of biomass as part of developing an integrated bio refinery concept in the Tees Valley building on High Value Manufacturing Catapult activity and existing industry interests. The Tees Valley is already home to the large scale bio based manufacture activity which provides the opportunity to pilot and demonstrate technologies which use the infrastructure, feedstocks or products of this industry. Coupled with the availability of low carbon energy and waste heat, the opportunity is there.
- The development of the use of Natural gas, SNG or Liquefied gas as a lower carbon alternative energy source for transport including marine and road or heat applications.

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>Projects will support micro-energy installations, off-grid energy productions, renewable heat networks and ground and air source heat pumps:</p> <p>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.</p> <p>Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Measures to support increased production of renewable fuels and energy, in particular wind energy, solar and biomass • Support to build capability and capacity for supply

	<p>chains in renewable energy</p> <ul style="list-style-type: none"> • Demonstration and deployment of renewable energy technologies • Measures to support the wider deployment of renewable heat, including micro-generation, geothermal, renewable heat networks or district heating, ground source and air source heat pumps, and biomass systems with associated heat off-take and heat distribution networks along with recycling processing reprocessing and remanufacturing facilities, and • Anaerobic digestion plants and other biomass or landfill gas schemes.
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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>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • 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 • Supporting low carbon innovation in relation to the integrated ‘whole place’ energy management approach including energy waste and re-use • Investing in building retrofit, energy efficiency measures, renewable and smart energy systems deployment, especially whole building or place

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

	<p>mobility, or improving links between urban and rural areas, or connecting dispersed rural communities. Examples of actions include:</p> <ul style="list-style-type: none"> • investments in actions aimed at improving the capacity at local level to develop and implement integrated and sustainable transport strategies and plans (including for example actions related to modelling data collection, integrated transport management, operations and services, public consultation etc) to reduce transport related air pollution, in particular retrofit or replacement programmes for bus fleets, incentive schemes for cleaner transport, improved public transport infrastructure and alternative forms of transport • investments in actions aimed at introducing innovative environmentally-friendly and low-carbon technologies (for example, alternative fuel stations or charging points) • investments in actions aimed at developing innovative and multi-modal transport services (for example, intelligent transport systems for travel information and planning, traffic and demand management, smart ticketing, multimodal integrated datasets or cooperative systems) • innovative transport pricing and user charging systems • cycle paths, walkways and waterways only where part of an integrated approach to Green House Gas reductions.
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Investment Priority	4f – Promoting research and innovation in, and adoption of, low-carbon technologies.
Specific Objectives	Increase innovation in, and adoption of, low carbon technologies.

<p>Indicative Actions</p>	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • 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, taking account of the restrictions laid down in Article 3.3.b of the European Regional Development Fund • Technology centres of excellence and test facilities, including relevant Catapult centres • Renewable technologies in the United Kingdom renewable energy roadmap • Research, development, demonstration and adoption of technologies and systems that support low-energy transport and accelerate the establishment of new technologies such as low emissions vehicles (electric, hybrid and hydrogen) • Knowledge transfer with Higher Education/Further Education institutions and Businesses • Supporting low carbon tech start-ups and greater commercialisation of low carbon products and processes • Developing financing methods that encourage the adoption of proven low carbon technologies and generate long-term financial savings • Demonstration and deployment of decentralised renewable energy technologies • Research, development and innovation and supply chain development for low carbon and resource efficient technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions and the use of secondary materials).
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4. Required Outputs under this Call

Projects must deliver against the Priority Axis 4 outputs and results 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 Green House Gas reductions

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund, will achieve the deliverables 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 deliverables, a performance penalty may apply.

5. Application Process & Prioritisation Methodology

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

- Outline Application and, if successful
- 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 the national [Selection Criteria](#).

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

Gateway assessment considers:

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

Proposals that fail the Gateway assessment will be rejected. Proposals which pass the Gateway assessment will then be assessed against the Core assessment criteria:

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

Having assessed projects against these criteria the relevant Local Economic Partnership Area European Structural and Investment Fund Sub-Committee will advise the Managing Authority on the alignment 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).

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

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.

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.

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 60% of the total eligible project costs subject to State Aid regulations.

The remaining 40% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. 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 60% maximum.

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

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.

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:

1. 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
2. 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. 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](#).

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 the beneficiaries will use the service and demonstrate that the project does not displace other activity available in the market place.

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.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 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.

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.

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."

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.

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).

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 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: NE.ERDFENQUIRIES@communities.gsi.gov.uk.

8. Key Documents

- (i) European Regional Development Fund Operational Programme;
- (ii) Outline Application Form;
- (iii) Outline Application Form Guidance;

- (iv) Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- (v) Eligibility Guidance;
- (vi) Target Definitions; and
- (vii) 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 Applications submitted prior to the first review point of 31 May 2016 will be assessed and progressed at that point. Those submitted between 1 June 2016 and 29 July 2016 will be assessed and progressed at that point. Outline Applications submitted between 30 July 2016 and the closing date on 30 September will be assessed and progressed, subject to the response to the first review points. However, the Department reserves the right to close the call early depending on the level of response at the first review point. 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.