A photograph of two large white wind turbines in a green field under a blue sky with power lines. The turbines are positioned diagonally across the frame, with the one in the foreground being more prominent. The field is a vibrant green, and the sky is a clear blue with some light clouds. Power lines stretch across the upper half of the image, creating a sense of depth and infrastructure.

ENERGY PROJECT ENABLING FUND

GUIDANCE DOCUMENT

NORTH EAST AND YORKSHIRE NET ZERO HUB



north east & yorkshire
NET ZERO HUB

ENERGY PROJECT ENABLING FUND – NORTH EAST AND YORKSHIRE NET ZERO HUB

THE ENERGY PROJECT ENABLING FUND

The Energy Project Enabling fund is a £400,000 investment scheme providing capital grants to a range of organisations across the North East and Yorkshire Net Zero Hub's geography to support the delivery of energy projects. The NEY Net Zero Hub geography covers the North East, Tees Valley, York and North Yorkshire, Hull and East Yorkshire, West Yorkshire, and South Yorkshire.

Grants of between £10,000 and £50,000 are available to eligible public sector organisations, community groups, charities and businesses, wanting to deliver **local energy projects for communal or public benefit**. This funding has been provided by the Department for Business, Energy and Industrial Strategy (BEIS) as part of their commitment to the Local Net Zero Hubs and has been allocated by the NEY Net Zero Hub to facilitate the delivery of local energy projects in the North East and Yorkshire region.

All successful projects must be completed, and funding drawn down by the end of March 2023. Funding may be secured to deliver discrete phases of a project. Project sponsors are recommended to phase larger projects to ensure delivery can be achieved within the required timescale.

Successful projects will be expected to include match funding of a minimum of 30% of the overall project value, and applicants will be required to provide a statement of UK Subsidy Control compliance from a reputable source to support their application. Grants will be paid in arrears at the approved intervention rate against evidenced spend.

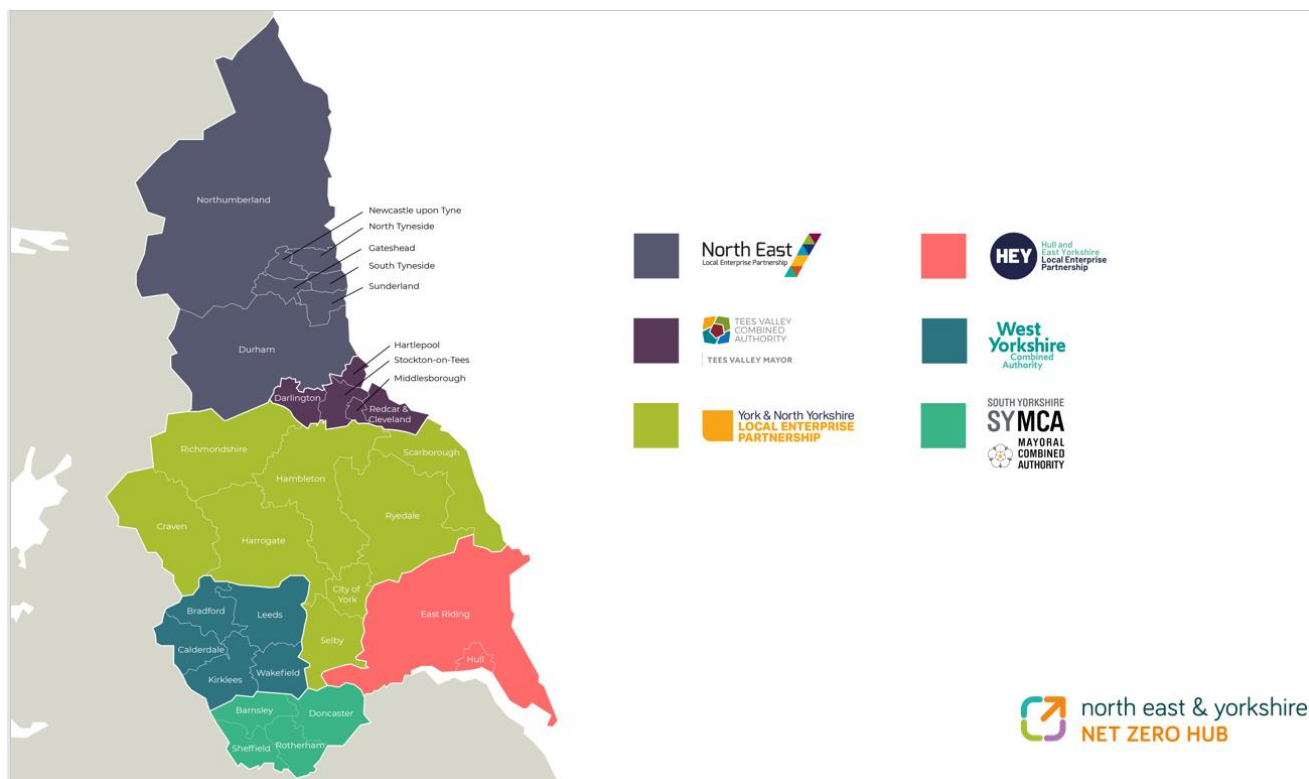
THE NORTH EAST AND YORKSHIRE NET ZERO HUB

The North East and Yorkshire Net Zero Hub (NEY) is at the centre of the region's ambitious efforts to drive a low-carbon, clean-growth future.

Funded by the Department of Business, Energy and Industrial Strategy (BEIS), the Hub is one of five across the country, all focusing on helping the UK reach Net-Zero carbon emissions by 2050.

Our Hub combines six Local Enterprise Partnerships (LEPs) in the region, bringing local authorities, businesses, organisations and communities together to help us achieve our goals.

A Net Zero Hub Manager and small core team are based in Tees Valley Combined Authority with a Hub funded Energy Project Manager based in each of our six LEP areas. The LEPs are driving the transition to a zero-carbon economy with ambitious energy strategy and innovative project delivery.



FUNDING CONDITIONS

The investment of all grant funding and associated outputs must be within the NEY Net Zero Hub's geography.

Before continuing with your application, it is important to note the following:

- If work on a project has started in advance of an application submission, (including if items have been ordered) then it is not eligible for financial support. Grant funding should be claimed for work undertaken after an application has been submitted, a written offer has been made, and a funding agreement is in place.
 - Please note, if you are claiming for a phase of a stalled pre-existing project, you will still be eligible for funding providing activity on the proposed phase has not begun. Funding will not be awarded for retrospective spend. Please ensure that you clarify in your application if you are applying for funding for a phase of a project.
- In exceptional circumstances work on the project may commence at the applicant's own risk and with the approval of the NEY Net Zero Hub and their Accountable Body Tees Valley Combined Authority once receipt of the full application, with all supporting information, has been acknowledged and a clear rationale has been provided for starting at risk.
- If your proposed project would continue beyond the 31st of March 2023, please state clearly in your application which phase of the project you would be using this grant to fund.
- Successful applicants will receive grant funding in arrears against evidence of spend and at the intervention rate approved.

- Successful applicants will be required to source match funding of a minimum of 30% of the overall project value.
- All relevant permissions and consents (e.g., planning) must be in place at the point of application

ELIGIBILITY

The following organisations are eligible to apply, subject to UK Subsidy Control regulations:

- Public sector (including Local Authorities, Combined Authorities, NHS)
- Businesses (including education/skills providers, Universities, etc.)
- Charities/Third Sector
- Farming/Food production

Please note the following:

- Businesses in difficulty will not be eligible to apply for the Energy Project Enabling Fund.
- The investment and associated outputs must be within the North East and Yorkshire Net Zero Hub's geography.
- Applications must be made by an incorporated organisation with a legal personality and a bank account in the organisation's name. Applications may be made on behalf of a body or group that is not incorporated by one that is – e.g., a local authority, incorporated business, or registered charity.
- Businesses will normally be expected to be able to demonstrate at least 1 year of trading activity and be able to supply at least one set of accounts (preferably audited) at the time of submitting an application
- Projects should be completed within the project completion date (as per Application Form) or by 31st March 2023, whichever is sooner. Significant concerns around delivery may result in the funding offer being withdrawn.

PROJECT FOCUS

All project proposals must focus on at least one of the NEY Hub's Strategic Priorities:

- Renewable Energy Technologies (Solar, wind, biofuels, Community Energy Projects, batteries and energy storage, etc.)
- Heat Decarbonisation (Public building retrofit, etc.)
- Natural Carbon Sequestration (Biobased construction, low carbon farming, etc.)
- Circular Economy (Heat Networks, etc.)

PROJECT COSTS

Eligible project costs can include:

- Equipment, plant, and machinery (directly leading to quantifiable resource/energy efficiency)
- Energy Technology installations (low carbon / renewable technologies only). TVCA as Accountable Body reserve the right to take a charge on the asset.
- Groundworks / building works and other necessary preparations.
- Site surveys, mitigations or other abnormal costs associated with project construction or installation
- Professional fees linked specifically to technical expertise supporting delivery (e.g., external project management, quality/safety signoffs, evaluation and monitoring of demonstrator projects etc.)
- Internal labour costs only where there is a compelling case and the market is not able to supply or provide value. If agreed, internal labour costs will be supported at base salary rate, subject to a review of how reasonable the costs are).

The following costs are not eligible under the Energy Project Enabling Fund:

- Transport or vehicles (although infrastructure to support decarbonization of transport would be eligible)
- Feasibility studies, surveys and other early-stage activities. Projects should be ready to deliver at the point of application - funds are available to support the implementation of recommendations from studies and surveys.
- Marketing, promotion, and sales. Funds may, however, be used to promote evaluation, knowledge sharing and learning.
- Retrospective or prior start activity
- School and college curriculum delivery or trips
- General IT software such as Microsoft Office packages and renewal of software licenses
- VAT
- Costs associated with works that are not for communal or public use/benefit

See also Annex A for more details on ineligible activity.

If in doubt about whether your project or costs would be eligible, please contact the NEY Hub at enquiries@NEYnetzerohub.com.

Quotes for all project costs should be supplied with the application to evidence the total eligible cost and calculate the eligible grant. To ensure that value for money is being obtained, ideally three quotes should be

obtained for major purchases. It is not always necessary for the chosen supplier to be the cheapest if a higher quote can be demonstrated to provide better value for money.

PROJECT OUTPUTS

The following are priority targets and at least one must be achieved by your proposed project:

- CO2 savings achieved
- Installed energy generation technology
- Installed energy storage technology
- Domestic/public sector/commercial properties achieving PAS2035 or equivalent retrofit standards

The following are desirable targets and your project may be scored more favorably if your proposed project achieves one or more of these:

- Involved buildings achieving Passivhaus standard
- Follow on investment/commercial leverage

The following are ancillary targets and you should aim to achieve these through your proposed project. Please note, your project may be scored more favorably if your proposed project achieves one or more of these targets:

- New jobs created as a direct result of the intervention (permanent full-time employment (FTE), excluding construction)
- Jobs safeguarded as a direct result of the intervention (permanent FTE, excluding construction)
- Construction jobs (FTE)

GRANT PARAMETERS

The minimum grant value that you can apply for is £10,000, whilst the maximum grant value is £50,000. All applicants will be required to provide a statement of UK Subsidy Control compliance. Delivery of all projects and agreed outputs must be complete by 31st March 2023.

MATCH FUNDING

Successful applications will be awarded up to a maximum value of 70% eligible project costs. All successful applicants will be expected to obtain match funding of a minimum of 30% of the overall project value. Funding representing 100% total eligible project costs will not be awarded. On this basis, to receive a £10,000 grant, your total project costs must be at least £14,286 and £71,428 for a £50,000 grant. There is no maximum project cost value.

There is an expectation that grant funding will be used to meet an identified funding gap and therefore 30% is a minimum threshold. Applications providing a higher proportion of match may be scored more favorably.

Match funding must be capital - in-kind funding will not be considered.

Eligibility of match funding may be restricted by UK Subsidy Control or terms applied to other grant funding sources. Please check with the provider if you intend to use other grant funding as match and with the NEY Net Zero Hub at enquiries@NEYnetzerohub.com.

CASE STUDY REQUIREMENT

If your application is successful, the North East and Yorkshire Net Zero Hub will require you to provide a detailed case study of your project, alongside your final claim, describing how the funds were used and the impact they had. A template for this case study will be provided. This case study will help the Hub to assess the successes of the grant, showcase the carbon reduction work in the region, and compile lessons 'learnt' which can be used to benefit future projects.

COMMS AND PUBLICITY

Successful applicants will be expected to:

- Recognise the financial contribution of the NEY Net Zero Hub in all published materials and publicity (to include boards, hoardings and plaques as appropriate). Logos and comments for media releases can be supplied.
- Not engage in any media activity around the project without first consulting with the Hub and shall support the Hub in its own associated media activity
- Support the NEY Net Zero Hub in promoting its activity and impact by taking part in evaluations, media releases etc.
- Allow any associated reports, evaluations or other media generated as a result of the investment to be published by the Hub on its website
- Provide a final Case Study upon completion of their project, on a template to be provided by the Hub

COMPLETING THE APPLICATION FORM

When completing your application form, please refer back to this guidance document. All of the information requested within the application form is key to the consideration of your application, and in completing the application you should be as thorough and comprehensive as possible.

Please pay particular attention to ensuring the following sections are completed fully and accurately:

- **Total Project Costings**
 - The values you provide should be based on the total cost of your submitted quotations. Please do not estimate or round the total amount as your grant will be calculated against actual quotations submitted.
- **Value of Grant Requested**
 - Grant value requests must fall between £10,000 and £50,000. Please be aware, if your application is successful, in some exceptional circumstances, we may not award the full requested grant amount.
- **Funding Options**
 - The Energy Project Enabling Fund is intended to fill a gap in funding and therefore it is important that you show you have already explored other options before requesting a grant.
- **Total Project Value and Identified Funding Sources**
 - You will need to show that all the remaining funds needed to undertake your project is confirmed from appropriate sources.
- **Previous Funding Awards**
 - You must provide details of all previous public funding awards that you have received within the last 3 years.
- **Relevant Permissions**
 - This may also include things like land and building ownership/tenure, planning permission, environmental permits, etc. As previously noted, projects must be ready to deliver and there is a strong expectation that permissions will have been sought (and preferably acquired) before a funding application is submitted. Because of this, associated costs are not eligible for funding and should be covered by the applicant.
- **Quotations for Works**
 - Ideally three for each significant purchase. Quotations are required to verify your project costs. If supplying more than one quote for a single item, please indicate clearly within the supporting information if you have a preferred supplier. Likewise, if a quote provides costs for multiple options, please indicate clearly which the preferred option is. If this is not the cheapest quote, then you should also indicate why this choice has been made or demonstrate that a recognized procurement framework has been used.
- **Declaration**
 - Please ensure that you have read and understood the declaration within the application form. The application is not complete until you have agreed to the declaration and provided all relevant supporting information/documentation.

Once you have submitted the application you will receive a confirmation of receipt and may be contacted again for further information or clarifications once an appraisal of the application is underway. The Application Form and associated documentation will be treated with the strictest of confidence. If you need assistance in completing the Application Form or have any questions, please contact enquiries@NEYnetzerohub.com.

Please read the guidance above carefully. During grant projects we often receive a high number of applications that do not meet our grant guidance. We understand that your time is precious, so to ensure you do not waste time on an application that is not eligible for funding, we strongly recommend that you read the grant guidance and application form before deciding to apply. If you are in any doubt that your project would be eligible under the grant guidance, or you have queries then please do contact us for a discussion and we will do our best to help.

APPRAISAL PROCESS

1. For your project to be considered for a grant award, it must comply with the eligibility criteria as well as UK Subsidy Control Rules. Meeting both of these criteria alone does not automatically result in a grant award, your application then needs to be appraised.
2. In the first instance, the Project Manager will do a high-level check to ensure your application meets the eligibility criteria. All eligible applications will then be appraised by members of the NEY Net Zero Hub using an appraisal matrix.
 - a. If your application is complex, incomplete, requires additional due diligence or if you do not respond to requests for information in a timely manner, a decision may be delayed, or your application may not be put forward for recommendation.
 - b. Your application may be subject to a due diligence check and/or finance and legal checks which will normally be undertaken as part of the appraisal process but in some circumstances may take place after the Investment Panel meeting at the request of the Investment Panel and before a decision has been made. These checks will be completed by TVCA.
3. Following Hub level assessment, your application will then be appraised by the Energy Product Enabling Fund's volunteer Investment Panel, who will make recommendations based on their expertise.
4. The highest scoring and most recommended projects will then be presented to the Hub's Board for a funding decision with final sign-off by TVCA as the Accountable Body.
 - a. Funding will be awarded at the discretion of the Net Zero Hub and its Accountable Body and is subject to the availability of funds and the terms of the offer.

TIMESCALES

1. The Energy Project Enabling Fund will be open for applications from 4th July 2022.
2. This fund will close for applications on 19th August 2022.
3. The appraisal process, as explained above, will take place between 19th August 2022 and 7th October 2022.

4. Recommended projects will be prevented to the Hub Board during the Board meeting week commencing 10th October 2022.
5. Successful applicants will be notified by no later than 14th October 2022.

FUNDING AGREEMENTS AND CONTRACTING

Following the approval of a funding award, a funding agreement, including an opening offer letter, will be sent to the successful applicant that clearly sets out the conditions of the offer.

Successful applicants will have 14 days from receipt of the funding agreement and offer letter to contract or risk losing their award. The maximum amount payable for the support of the project will be fixed in the Offer Letter.

Once the funding agreement has been signed and returned, it will be countersigned by TVCA. Once the agreement has been signed by both parties, a member of the TVCA Claims and Monitoring team will be assigned to the project who will process grant claims and monitor the progress of the project. The Claims and Monitoring representative will make schedule a meeting to ensure that the implications of accepting the fund are fully understood and acknowledged. They will also provide a claims form to be used throughout the claims process and will provide a demonstration of how this should be completed. During this meeting, applicants will be informed of the evidence they need to retain and provide to support their claims.

Any significant changes to the project will require approval from the NEY Net Zero Hub.

MAKING A CLAIM

Grants are paid in arrears against evidence of spend and at the approved intervention rate. Applicants must ensure that they have sufficient cash flow to make purchases in full ahead of drawing down the grant. Grants can be claimed in stages against expenditure incurred to date. It is not necessary to complete the entire investment before submitting a claim, however, all claims must be received before 31st March 2023. Any claims received after this date may not be paid.

Grant Claims will need to be accompanied by invoices and evidence of payment (for example bank statements). This should be provided in electronic format with original copies held by the beneficiary. This evidence may be verified by a monitoring visit.

The total amount of grant payable will be either the maximum sum specified in the Funding Agreement, or (if less) the value of the eligible expenditure.

No payments will be made unless all funding conditions have been complied with and no expenditure incurred before the start date indicated in the offer letter will be eligible for funding.

If your application is successful and you would require payment upfront, please advise us of this during the grant offer stage as additional financial checks may need to be carried out. Upfront payment will only be approved in exceptional circumstances.

MONITORING AND EVALUATION

The milestones that have been agreed within the funding agreement will be regularly reviewed to check whether there are any changes, risks or issues that will affect the delivery of the proposed project.

Progress reports will be required from the applicant at both the point of making a claim and by ad-hoc request if required. The completion of these progress updates is a conditional element of the funding and failure to supply them could result in a grant offer being revoked.

Funding recipients must keep a record of all eligible expenditure (receipts, invoices etc.), quotes, tenders and procurement practices and all financial contributions made towards the Project. The Hub and TVCA will require evidence of outputs. In the case of new jobs created or safeguarded, this should include redacted employment contracts.

Recipients of the Energy Project Enabling Fund are asked to support any evaluation of the programme by supplying a final case study and by participating in evaluation research as required.

Annex A – Ineligible Activity

The following activity is not eligible for funding and cannot be included in the total project costs:

- Expenditure incurred on the project after the notified deadline or prior to acknowledgement of receipt of the full application
- Costs incurred prior to the date of the Funding Agreement, unless agreed as part of the approval process
- Overheads allocated or apportioned at rates materially in excess of those used for any similar
- Work carried out by the Beneficiary at anything other than base salary rate
- Working capital
- Acquiring assets under a rental agreement where the applicant will not own the assets at the end of the agreed payment period.
- Acquiring assets for which additional public funding has also been secured or could be secured through payback schemes or similar.
- Costs associated with the preparation of the funding application, including but not confined to consultancy fees and planning application charges
- Retained or deferred payments of project costs incurred beyond the programme timescales
- Marketing and sales development related activity, including signage and branding (Funds may, however, be used to promote evaluation, knowledge sharing and learning.)
- General administration costs
- Notional expenditure
- Payments for activity of a political nature
- Legal expenses in respect of litigation
- Expenditure on activities of an exclusively religious nature
- Expenditure supported from other government sources, local authority grants, charges paid
- Any liability arising out of negligence
- Depreciation, amortisation, and impairment of assets purchased with the help of the Grant
- Provisions
- Contingent liabilities
- Contingencies



- Interest charges
- Service charges arising on finance leases, hire purchase and credit arrangements
- Costs resulting from the deferral of payments to creditors
- Costs involved in winding up a company
- Payments for unfair dismissal
- Payments for un-funded pensions
- Compensation for loss of office
- Bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders, or a person connected with any of these:
 - Payments for gifts and donations
 - Entertainments
 - Reclaimable VAT (if a Beneficiary which is not VAT registered at the time the Grant is awarded, registers for VAT during the lifetime of the Project or up to two years after receiving the final payment, they must notify the Council) Statutory fines and penalties
 - Criminal fines and damages
 - Payments made in advance of need
 - Any cost relating to insurance policies
 - Expenditure incurred as a result of a Material Change which has not been approved by the Accountable Body