

Energy for Growth fund

Call for Expressions of Interest

Information for applicants

Open: 2nd September 2019
Close: 20th September 2019



Introduction

The North East Local Enterprise Partnership (North East LEP) is committed to driving economic growth achieving 'more and better jobs' across Northumberland, Tyne and Wear and County Durham.

Our aspiration is set out in the Strategic Economic Plan which provides the framework for delivery, including setting out four areas of strategic importance for the regional economy. Energy is one of these areas of strategic importance, where North East assets and capabilities provide a strong opportunity for growth.

The North East [Energy for Growth Strategy](#) sets out these opportunities in more detail, outlining 13 strategic themes where the North East can deliver on national policy, while driving economic growth and delivering more and better jobs in the region. These themes are categorised, and are being taken forward, through three workstreams: regional energy, offshore energy & subsea technology, and energy innovation & demonstration.

The North East LEP is working with cross-sector partners to develop, and support through delivery, an integrated pipeline of projects and interventions across these workstreams. This funding is part of our approach to supporting this work. The total budget for the fund is being finalised, with **£400,000 - £1,500,000** expected to be available.

We are inviting Expressions of Interest (EOI) for either a capital project, or revenue support of detailed project development and feasibility studies. Grant will normally be up to a maximum of **£150,000**, however in exceptional circumstances where there is clear demand and a strategically significant project is put forward, a higher level of funding may be awarded.

Strategic economic context

The North East Strategic Economic Plan provides the strategic economic policy context to focus investment in the North East for the period 2014 to 2024. Delivering the SEP is crucial to achieving the North East LEP's primary objective of establishing more and better jobs within a more productive North East economy.

Projects are required to clearly demonstrate how they meet the requirements of, and make a meaningful contribution to, the delivery of relevant priorities set out in the recently 'refreshed' North East [Strategic Economic Plan](#). Reference to the regions key assets and opportunities set out in the Energy area of strategic importance will be required.

As the national and international energy agenda focuses on clean growth, there are huge economic, social and environmental opportunities for the North East to contribute to new solutions that provide clean, secure and accessible energy.

In this respect our assets and opportunities are categorised into three key areas which each present opportunities to drive economic growth and deliver more and better jobs. These areas are also expanded upon as workstreams within the Energy for Growth Strategy:

- Regional energy
- Offshore energy and subsea technology
- Demonstration and innovation.



Call focus - project proposals invited

EOI's are invited for capital grant or revenue funding support towards the development or delivery of projects aligned to the North East Energy for Growth Strategy's vision, to "Drive growth in the North East while delivering on national energy objectives".

Projects should therefore demonstrate their ability to contribute towards:

- economic, productivity, competitiveness or job creation opportunity
- the region's delivery against national energy policy

Projects are generally expected to relate to at least one of the 13 strategic themes set out within the Energy for Growth strategy, however must clearly align to at least one of its three overarching workstreams (regional energy, innovation & demonstration, offshore energy and subsea technology) and the opportunities these present for the region:

- **Regional Energy:** Delivery of regional energy projects in the North East, e.g. around heat, power or transport. Supporting growth in the low carbon economy.
- **Offshore Energy & subsea technology:** A key economic opportunity, building on a nationally and globally important cluster of business and capability.
- **Energy Innovation & demonstration:** A comprehensive asset base, forming an important hub and test bed for research, innovation, and commercialisation.

The aim of the Energy for Growth programme is also to ensure that the regional energy activity is coordinated, and that regional partners are brought together around a project pipeline. Emphasis is therefore placed on projects which can demonstrate effective collaborations where appropriate.

While not limited to the following areas, due to current policy focus, emphasis is also placed on proposals which can show clear alignment or opportunities related to these areas of particular focus:

- **Decarbonising heat:** Projects associated with decarbonisation of heat, particularly from innovative sources or technologies where the North East can show leadership.
- **Offshore wind sector deal:** Projects which will strengthen the region's response to the [Offshore Wind Sector Deal](#), and its key priorities and objectives.
- **Innovation and demonstration:** Projects which strengthen the region's energy innovation and demonstration capabilities, and their ability to drive commercialisation.
- **Business growth and job creation:** Projects which will directly support a business growth and job creation opportunity related to energy.

Investment is broadly expected to be for, but not limited to, the following:

- Capital investment in works, such as building, modification, equipment or energy project preparatory or delivery works.
- Revenue funding of detailed technical studies to enable follow-on delivery and investment. Operational revenue costs are non-eligible.

The normal maximum investment will be £150,000. It is expected that capital funding proposals are more likely to be closer to this maximum, while revenue funding proposals



are more likely to be of a lower value. In exceptional cases a higher level of funding may be awarded where a strong strategic project that meets evidenced demand can be shown.

Applications will need to demonstrate a level of match funding, with a normal maximum of 50%, although where a clear case can be made other levels of match funding may be considered. Applications will also benefit from demonstrating how the other funding will ensure that projects are fully delivered to a high quality.

Selected projects will be those which match the strategic aspirations set out in the Strategic Economic Plan and the Energy for Growth Strategy, with clear deliverability by **March 2021**.

Selection Criteria

EOI's will be scored specifically against the following criteria:

Scoring Assessment Matrix

Criteria	5	4	3	2	1	0	Max Score	
Strategic Fit with SEP, Energy for Growth, and call focus areas	Very strong fit with SEP, Energy for Growth Strategy and a call focus area		Modest links to either SEP or Energy for Growth Strategy			No links to SEP or Energy for Growth Strategy	15	
Outcomes	Demonstrates clear / relevant outcomes and potentially very good value for money		Likely to provide some of the defined outcomes and represent reasonable value for money			Unlikely to meet any of the defined outcomes and offer value for money	5	
Intensity of grant request (% of costs for current stage)	Less than 10%	Less than 20%	30%	40%	50%		5	
Match funding confirmed	Fully confirmed		Most of match funding in place		Little match funding in place	No match funding confirmed, unlikely to be found	5	
State Aid Risk	Independent legal opinion supports compliant route or confirm no State aid.	Applicant identifies a compliant State Aid route.	Relevant State Aid issues understood and clarified	Relevant State Aid issues understood but currently unable to be clarified	No appropriate consideration of State Aid provided	Request not compliant with State Aid.	5	
Deliverability Risks	Considered to be have a high chance of success & completion by 31/3/2021 - risks well managed		Moderately likely to succeed and be delivered by 31/3/2021, some risks with strategies in place			Considered to have a very low likelihood of successful completion by 31/3/2021 / multiple high level risks with no clear management	15	
							Score	/ 50



Selection Process

EOI's will be scored on competitive basis against the criteria set out in this call. Applications will be scored against the matrix above and must reach at least 30 to be progressed. Any application that scores zero in any category will not be considered.

The applications will be scored by a panel made up of members of the LEP team. A selection of priority projects will be made and invited to submit a detailed business case. This business case will be appraised in line with the LEPs Assurance Framework and will be compliant with the HM Treasury 'five case' model.

Projects which are not selected as a priority project due to limited funding may be still be held in a reserve list. The LEP will seek to provide feedback, advice, and support to these projects where possible as part of the regional Energy for Growth project pipeline.

It is anticipated that full business cases will be requested for priority projects during week commencing **Monday 23rd September**, with submission by **Friday 25th October**. Business cases from priority projects will be subject to appraisal and determination by **30th November**, with an expectation that grant contracts will be finalised during December.

Deliverability

You must be able to demonstrate that the project activities are realistic and dependant on public funding. Delivery and financial completion is required by the **31st March 2021**. The project needs to demonstrate how this will be achieved within the timescale, with a business case supported by robust costings and clear delivery milestones.

In addition, you must demonstrate that you have identified and are managing risks to delivery, this may include securing planning approval, match funding, and going through required procurement processes depending on the stage of development.

State Aid – how might this impact on my request for funding?

The percentage of funding you request may be limited by State Aid regulations. State Aid can be complex and often projects will need to source their own specialist advice to understand how this will impact on the level of funding that can be applied for and associated obligations.

In some projects no State Aid will be involved. Either way, we ask you to carefully consider this matter and explain your projects position.

Where projects may involve State Aid you should identify how this may be legally granted. The North East LEP has an approved State Aid scheme with the European Commission covering a range of General Block Exemption Regulations. Applicants are encouraged to [read this document](#) before returning their application.



Key Performance Indicators (KPIs)

The Energy for Growth Fund is being funded through the Local Growth Fund (LGF) which is targeted at the long-term economic growth of an area through jobs and business.

Projects supported through this fund will be designed to maximise and achieve a meaningful contribution towards these aims where possible; although as stand-alone projects these may not generate new jobs or businesses directly.

To understand the forecast economic impact and value for money of your project, we need you to provide information on all Key Performance Indicators (KPIs) that are relevant. A list of KPIs related to this call can be found [here](#).

Projects may also achieve other measurable local benefits, or key performance indicators, which are not listed as an LGF KPI. These measurable benefits should also be captured and detailed.

Section 7 of the EOI asks you to detail how you have calculated your KPIs and also if there may be displacement effects in the local economy. This is an opportunity for you to describe the economic growth impacts your project will deliver and will be used to provide evidence of value for money.

Interested in submitting an application?

We welcome informal contact, enquiries, and discussion from interested parties to help you assess the eligibility of your project or to answer any questions you may have. Please contact:

Andrew Clark

Andrew.clark@nelep.co.uk

0191 338 7452

What happens next?

If you are interested in submitting an application, please contact either Andrew Clark for the relevant EOI form.

Please send your completed application form to Andrew.Clark@nelep.co.uk. Before doing so please ensure that you have followed the guidance, completed all questions and entered an electronic signature.

Submission must be received by midnight on the **20th September 2019**.

Other supporting documents

Please consider the following documents that are available on the North East LEP website and that may help you with your application.

- North East [Strategic Economic Plan](#)
- North East [Energy for Growth Strategy](#)
- List of LGF [Key Performance Indicators](#)
- [Offshore Wind Sector Deal](#)

