



Accelerating Reduction in Carbon (ARC) Applicant Guidance Notes

Contents

1. Introduction.....	2
2. Background	2
3. Grant Amount & Match Funding.....	2
4. Eligible Projects	2
5. General Eligibility Criteria and Procurement.....	3-4
6. Ineligible Project Costs	5
7. State Aid Rules.....	5
8. Sectoral Exclusions	6
9. Timeframe	6
10. Project Variation Requests	6
11. Commercial Confidentiality	6
12. Help and Support.....	6
13. The Application Process	7
Appendix 1: Eligible Area - Local Authority Wards.....	10
Appendix 2: Eligible Area – Map.....	11
Appendix 3: Guidance on advertising for services over £25,000.....	12

1. Introduction

This guidance provides information to potential applicants to the Accelerating Reduction in Carbon Programme (ARC).

The ARC project will help SMEs located in the SUDS area of Greater Nottingham to decarbonise by providing a support service offering carbon reduction advice and an associated grant programme to enable them to reduce their greenhouse gas (GHG) emissions. It aims to accelerate companies onto the next stage of growth through the introduction of energy and resource efficiency measures and the reduction of operating costs, leading to increased productivity.

The project supports the reduction of carbon by businesses largely through the improvement of energy performance of buildings and production processes. The project can also support broader decarbonisation activities by businesses such as resource efficiency and 'smart' energy applications where they can be shown to have a significant impact on carbon emissions and business performance. This complements the more 'traditional' activities which improve energy performance such as more efficient LED lighting, improved insulation and heating/cooling systems, and production of renewable energy.

2. Background

The ARC project will offer direct support to SMEs to enable them to reduce the amount of carbon they produce. The scheme will see a total of £1,260,682 of funding invested into the SUDS area of Greater Nottingham between 2021 and 2023. The project will be delivered by Nottingham City Council as the accountable body for the project.

3. Grant Amount & Match Funding

Grants are available to fund up to 35% of the total costs of implementing carbon reduction measures by eligible businesses (exclusive of VAT). The minimum grant available is £1,000 and the maximum grant is £16,000.

Where an applicant can demonstrate exceptional value for money the upper grant limit may be exceeded.

You will be required to fund and evidence 100% of the project costs upfront from your own resources, 35% will then be reimbursed to you by way of a grant award. Ultimately you will have match funded 65% of the total project cost (exclusive of VAT).

All grants are made at the discretion of the Grant Panel and are subject to funds being available.

Section 13 below details the grant application process.

4. Eligible Project Activity

The ARC project can support the implementation of a range of measures that support businesses to decarbonise. These include:

- **Energy efficiency** – for example, the control of current utilities such as timings of energy use being in line with building operations, temperature set points, advice on data monitoring and targeting unusual consumption patterns, strategies for reduction of energy use in peak charging periods to reduce industry pass through charges, as well as the installation of low energy LED lighting, more efficient heating systems, cooling or air-conditioning systems and insulation.
- **Generation of renewable energy** - such as Solar PV, biomass boilers, ground source heat pumps and small scale wind power.
- **Innovative technologies** – for example battery storage solutions and water source heat.

- **Wider resource efficiency** - supporting resource efficiency measures to assist businesses to lower costs, improve performance and raise productivity. This could include activities that reduce or divert waste or harness natural resources such as rainwater harvesting.
- **Reducing CO2e from water** – for example water reduction systems (i.e. flow restrictors and lavatory water management systems) as well as any potential infrastructure projects that could be undertaken.
- **Embodied energy in materials, waste and transport** – utilising this accounting method to reduce the sum total of energy consumed over a products entire lifecycle. This includes the energy consumed in producing, transporting, installing, maintaining and disposing of products. ARC will be open to applications to assist businesses to introduce processes that will reduce embedded carbon in their products and/or their supply chain.
- **Introducing smart technologies** into SME premises and production processes using efficient technologies with automated controls, networked sensors and meters, advanced building automation, data analytics software, energy management and information systems. Examples include: smart heating, ventilation, air conditioning, smart lighting and window shading; smart plug loads to cut power to equipment that does not require it at a given point in time; Building Automation System Optimisation which assists businesses by using real-time feedback via smart sensors, leveraging specialised software to analyse performance of operations and energy use, as well as allows for the processing of external data, such as occupancy patterns, weather forecasts and utility rates.

Please note that we are unable to award grants to support the purchase of electric or hybrid vehicles and electric vehicle (EV) charging points.

5. General Eligibility Criteria

Grants are available for revenue projects and the purchase of capital equipment where this meets the eligibility criteria.

Grants are not available for items or services which would be considered part of normal business operations such as ongoing maintenance or repair costs, new for old purchases, etc. (See also section 6.)

Applicants to the ARC project must:

- be located within, or locating to, the SUDS area of Greater Nottingham – See Appendices 1 and 2 for details of the SUDS area.
- employ less than 250 full time equivalent (FTE) employees and have either a turnover less than €50 million or a balance sheet less than €43 million at the time of full application
- have been trading for at least 12 months at the time of application.
- be registered with Companies House OR provide details of your Unique Tax Reference Number from HMRC if you are a sole trader or partnership.
- Fund and evidence 100% of the project cost upfront from your own resources, ultimately providing 65% match yourself. You must not use European Union funding as a contribution to your 65% match.
- not make any project purchases using Paypal, personal credit cards, cash or cheques as these are not an eligible payment method
- compliantly procure all items for which grant funding is requested in accordance with procurement rules.

NB you are advised to read and understand the Procurement Guidance Table below to ensure the items / services you are looking to purchase comply with the appropriate procurement procedure prior to completing an Application Form.

Procurement Rules

Value of contract	Minimum Procedure	Advertising Required
Individual items worth £0 - £24,999	Direct Award. A minimum of one written quote from a relevant supplier <i>(we do recommend you provide three quotes if possible).</i>	None
£25,000 - £181,302 Supplies / Equipment	<u>Supplies / Equipment</u> Three written quotes or prices sought from relevant suppliers against a clear written specification that you have produced to define your minimum requirements and which has been sent to each supplier.	None
£25,000 - £181,302 Services / Consultancy	<u>Services / Consultancy</u> Three written quotes sought from relevant suppliers against a clear written specification (<i>as above</i>), which has been advertised . The advert needs to incorporate or direct any interested party to the following information: <ul style="list-style-type: none"> • Details of the opportunity / spec • What is required from all interested parties • How successful candidate will be chosen • Deadline and details of how to apply • ERDF logo Justification will also be required to demonstrate that the contract award is in line with the advert. See Appendix 1 for detailed guidance	Advertise the opportunity on the grant recipients/or other appropriate website for a minimum of 10 days.

For purchases under £25,000, applicants need to provide one written quote as a minimum. However we do recommend you provide 3 quotes, where possible, to demonstrate you have tested the market.

For equipment purchases of £25,000 and over we expect applicants to have obtained three quotes based on a written specification that you have produced to define your minimum requirements for the item/service, and which has been sent to each supplier (evidence of this should be provided e.g. copies of emails). Quotes should be dated within three months of the date of your application, specify the items/services, and applicants should give a valid reason for selecting their preferred quote.

For services valued at £25,000 and over the applicant should additionally advertise the opportunity on the company website for at least ten days and evidence - a "screen grab" or "screenshot" - for the start and finish dates of the advert should be provided. You must provide email evidence that you have informed a minimum of 3 potential suppliers about the opportunity, with a link to the advert. See Appendix 3 for detailed guidance on advertising.

All supplier quotes must clearly specify if VAT is applicable, and state the price excluding and including VAT.

If your chosen supplier is not VAT registered we will require an email verification from your accountant to confirm this.

If your chosen supplier is an overseas supplier, and has not specified the price in GBP in their quote, you must use the official EU Conversion calculator to calculate the cost in GBP, and provide a screenshot of the conversion rate as evidence. You must also provide email confirmation that there is no conflict of interest, and be aware that if any conflict of interest is identified at audit stage, you may be required to repay any grant.

The official EU conversion rate can be found at ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

You need to be able to demonstrate how you will ensure value for money from your proposed purchases e.g. explain why you think your preferred supplier represents the best choice for price and quality. You should provide your answer in Appendix A of the Full Application Form for each item and attach any evidence you have if available.

6. Ineligible Project Costs

There is no definitive guidance on which costs are ineligible. However, the following cannot be supported by ARC grants:

- Reimbursement of goods / services purchased prior to the date of a grant agreement
- Repayment of existing loans or debts
- Recurring revenue costs (including: salaries, pensions, stock, rent, utility charges, service charges subscriptions, insurance, tax, recruitment fees, website hosting etc.)
- Repairs and maintenance to existing equipment
- Like-for-like replacement of existing items
- Any second hand item which was previously purchased using grant funding
- Financial charges, such as bank charges and interest
- Enterprises subject to an outstanding order for the recovery of illegal State Aid
- Fines
- Activities that may bring Nottingham City Council into disrepute
- Costs associated with gaining statutory permissions or consents
- VAT

This list is not exhaustive and specific items can be checked for eligibility with the Project Manager.

7. State Aid Rules:

All public assistance provided to businesses within the SUDS area of Greater Nottingham area involved in economic activity must comply with European State Aid rules as they would in any other part of the UK.

The ARC project will operate under the De Minimis State Aid regulations. A maximum of €200,000 (at the relevant exchange rate – [CLICK HERE](#) to calculate) is available to any one applicant over a three-year rolling period under De Minimis rules. If an applicant has had other public funding, this could reduce the amount of money they receive through ARC. **N.B** For road freight / transport sector, the De Minimis maximum is €100,000 over a 3 year rolling period.

You will be required to provide details of any De Minimis funding already received in the relevant period to test the amount of grant that can be offered.

If your application is successful, you will receive notification of the estimated amount of De Minimis you will receive, and once completed, you will receive a De Minimis letter from Nottingham City Council stating the value in Sterling and Euros) of public support provided through the ARC project

8. Sectoral Exclusions

A number of sectors cannot be supported through ERDF due to the existence of State Aid and other regimes, or because aid would distort competition. The following sectors are ineligible for ERDF grant support:

- Fishery and Aquaculture
- Agricultural products
- Coal, steel and shipbuilding
- Synthetic fibres sector
- Financial and insurance
- Establishments providing generalised (school age) education
- Coastal protection, soil conservation and infrastructures

9. Timeframe

The Accelerating Reduction in Carbon (ARC) will remain open to applications until all funding has been committed.

Applicants awarded funding will be required to claim their grant award by the date or timeframe stated within the Grant Agreement. All projects funded through the project must be fully completed and all grant funding claimed by applicants by 31 June 2023.

10. Project Variation Requests

Once the grant agreement has been signed and your project approved, any subsequent alterations will be subject to a formal variation request. This variation request will be considered by the Project Manager, before being approved.

Instances where a formal variation request may be required include:

- Variation to items, goods or services being purchased
- Changes to the supplier
- Increases or decreases in value
- Amendments to the project scope.

Please contact the Project Manager to discuss any project variations further.

11. Commercial Confidentiality

The information provided via the application process will be treated in confidence. It is generally presumed that the information provided at all stages of the process is commercially sensitive or confidential and will be treated as such.

12. Help and Support

If you would like to discuss the general eligibility of your proposal, prior to submitting an Expression of Interest, please contact David Kelly at David.Kelly@nottinghamcity.gov.uk

Support to complete your Full Application is available from the Project Manager, if required.

However, please note, applications must be received from the applicant organisation directly and while help and support in completing your application is entirely acceptable, we would encourage you to

write the Full Application in your own words and to have a full understanding of the application if any clarification is requested.

13. The Application Process

Step 1 – SME Enrolment Form

To receive support from the project you need to complete an SME Enrolment Form so that we can assess eligibility. Please contact David Kelly at David.Kelly@nottinghamcity.gov.uk to obtain a copy of the form

Once completed the form must be printed and signed by a senior member of staff within your business and returned by post or email (scanned copy).

Step 2 – Energy Audit

Once registered and verified as eligible, you will be able to receive a carbon reduction audit. This will detail the recommended carbon reduction actions a business can take, associated implementation and cost savings, payback period and the amount of carbon savings that could be made. As such this is the main document that will be used to inform your grant application. (If the audit shows a grant would make little impact you will not be recommended for a grant).

Step 3 – Completion of Full Application

If your business is eligible for support through the ARC Project you will be able to submit a Full Application.

Please note that to apply for a grant you must:

- Not have started the project for which grant funding is sought. Any purchases initiated or made prior to a grant award will not be eligible for funding
- Have been trading for at least 12 months at the time of application.
- Have a business bank account
- Have all the necessary permissions, licences and insurances to operate your business
- Satisfy that the proposals are viable, offer value for money, are realistic and deliverable

With your completed application form you must also provide:

- copies of quotes for the proposed works dated within three months of the application submission (please see Procurement Guidance table at Section 5 of this document for more information),
- financial accounts for the last three years and
- your most recent management accounts

When you apply you also agree to:

- Record capital purchases valued at more than £1,000 per item on a Capital Asset Register as a condition of the grant agreement.
- Give consent to Nottingham City Council to involve your business in publicity e.g. press releases, case studies and photographs (subject to commercial sensitivity). Nottingham City Council is committed to sharing good practice and promoting examples of service delivery that meet the needs of communities
- Take part in the evaluation of the project to assess its overall impact
- Partake in periodically agreed monitoring after the final grant payment, which will help us to assess the impact of the project
- Put in place publicity measures as stated in the signed grant agreement. As a minimum this will require the display of an A3 poster at your premises (the format will be provided for you), as well as ERDF stickers on any equipment purchased

Step 4 – Project Appraisal

On receipt of the completed application form and supporting documentation, we will conduct due diligence and ERDF compliance checks on the application.

Any issues or queries including requests for missing or additional information will be raised with you.

Applications passing the due diligence check will undergo an appraisal and will be assessed against the following:

- How the project will improve your productivity and efficiency
- How the project will enable your business to contribute to and have a positive impact on the following project aims:
 - reduction of energy consumption
 - reduction of greenhouse gas emissions
- Deliverability in proposed timescales / milestones, including contingency arrangements and the capacity of the organisation to manage and monitor the work.

All grant applications will then be considered by a Grant Panel and the applicant informed of the outcome in writing. If an applicant wishes to appeal the Grant Panel decision, they will need to contact the Project Manager who will outline the appeal process.

Step 5 - Grant Offer

If the application is successful, we will notify applicants in writing in the form of a Grant Offer Letter and a Grant Agreement. Any award will be made based on the terms and conditions outlined within the Grant Offer Letter and Grant Agreement.

Once received, applicants will have 14 days from the date of the Grant Offer Letter and Grant Agreement to sign and return the Grant Agreement. After this date the offer will be automatically withdrawn. The applicant will then have to re-apply if they still wish to proceed after this date.

NB You must not enter into any financial or contractual arrangement with any supplier prior to the project being approved, and not before the date that the ARC Grant Agreement is signed by Nottingham City Council. Any expenditure incurred prior to the commencement date of the Grant Agreement cannot be claimed.

Nottingham City Council reserve the right to withhold, vary or reclaim funding if any information supplied through the application and approval process proves to be inaccurate, misleading or incomplete.

Step 6 - Payment of Grant

Applicants will submit their grant claim in accordance with the terms and conditions set out within the Grant Agreement and any subsequent approved change requests.

Applicants must submit the claim for grant assistance retrospectively, by the date(s) stated in the Grant Agreement, evidencing 100% of the costs incurred. The grant will only be paid once project expenditure has been defrayed and evidenced.

Payment of the grant will only be made when we receive the required supporting evidence. This will be:

- A signed declaration requesting grant payment evidencing all costs incurred. **You must not make any purchases using Paypal, personal credit cards, cash or cheques as these are not an eligible payment method.** If a business credit card is used to make purchases, you must provide copies of a credit card statement showing the transaction and a bank statement which shows the amount has been paid off to the credit card. I have lifted this from another ERDF grant programme.

- A certified copy of the original supplier invoice(s) containing a handwritten statement saying that the 'original is available on request', and be signed and dated.
- A certified copy of a bank statement showing the payments being made to the supplier(s). Transaction reports will not be accepted;
- Asset Register Recording Form (if applicable).
- Evidence of any publicity and acknowledgements of the funding required in place. As a minimum this will be the display of an A3 poster at your premises, as well as ERDF stickers on any equipment purchased.

If the actual costs are less than those outlined in the application and agreed in the Grant Agreement, the maximum amount of grant to be paid will not exceed the actual amount on the receipted invoice(s).

Final payments will be subject to the applicant having satisfactorily completed the project and complied with all terms and conditions of the Grant Agreement and there being no dispute between the applicant and its suppliers. The Grant Agreement covers matters of dispute resolution.

Completed applications can be sent by post to

David Kelly, ARC Project Manager
Economic Development Department
Nottingham City Council
Loxley House
Station St
Nottingham
NG2 3NG

or

emailed to David.Kelly@nottinghamcity.gov.uk

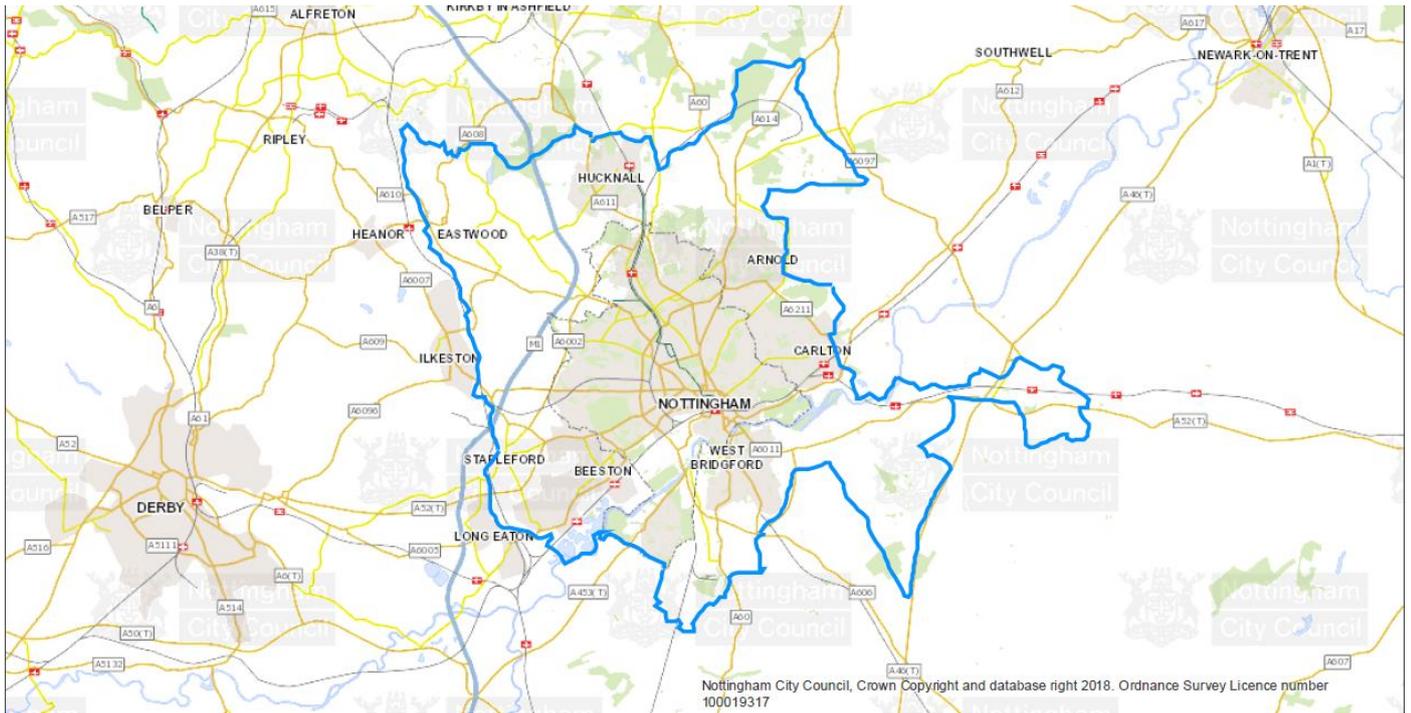
Appendix 1: Eligible Area – Local Authority Wards

Applications will **ONLY** be considered from businesses located within the local authority wards detailed in the table below. Applications may be considered from businesses moving into the eligible area for the first time.

Nottingham City	Gedling
Arboretum	Bestwood St Albans
Aspley	Calverton
Basford	Carlton
Berridge	Carlton Hill
Bestwood	Cavendish
Bilborough	Colvick
Bridge	Coppice
Bulwell	Daybrook
Bulwell Forest	Ernhale
Clifton North	Gedling
Clifton South	Netherfield
Dales	Phoenix
Dunkirk and Lenton	Plains
Leen Valley	Porchester
Mapperley	Redhill
Radford and Park	Woodthorpe
Sherwood	
St Ann's	
Wollaton East and Lenton Abbey	
Wollaton West	
Broxtowe	Rushcliffe
Attenborough and Chilwell East	Abbey
Awsworth, Cossall and Trowell	Bingham East
Beeston Central	Bingham West
Beeston North	Compton Acres
Beeston Rylands	Cotgrave
Beeston West	Edwalton
Bramcote	Gamston North
Brinsley	Gamstone South
Chilwell West	Lady Bay
Eastwood Hall	Lutterell
Eastwood Hilltop	Musters
Eastwood St Mary's	Radcliffe on Trent
Greasley	Ruddington
Kimberley	Trent Bridge
Nuthall East and Strelley	
Stapleford North	Ashfield
Stapleford South East	Hucknall Central
Stapleford South West	Hucknall South
Toton and Chilwell Meadows	Hucknall North
Watnall and Nuthall West	Hucknall West

Appendix 2: Eligible Area Map

Businesses located within the blue boundary are eligible to apply to the project for support



Appendix 3: Guidance on advertising for services of £25,000 and over

The process below applies to all applicant SMEs who intend to award service contracts at £25,000 and over in value. To comply with National and EU Procurement Guidelines, these contracts must be advertised – as a minimum - on the company's website, according to the processes outlined below.

The company must:

1. Produce a written specification detailing their requirements – the type of service to be carried out, what is required from the service supplier, how the supplier will be chosen, a deadline date and how to apply.
2. Advertise the opportunity on their company website for at least 10 days. The advert must refer to where the specification can be obtained, and how the successful supplier will be selected e.g. this could be by price and/or quality/track record. The advert must include the ERDF logo at the top of the screen and include wording that states that ERDF funding is being sought for the contract. The exact logo and wording will be provided to you by the Grant Management Team. Dated computer screenshots on Day 1 and Day 10 must be provided as evidence.
3. Actively promote the opportunity to possible suppliers e.g. by email alerting them to the advert and encouraging them to submit a quote. Copies of these emails to at least three suppliers must be provided as evidence. Provide a list of all suppliers who were emailed, which must be dated and signed by the applicant company.
4. Provide a list of all suppliers who provided quotes, and provide copies of emails between the SME and each supplier.
5. Produce a scoring sheet that records how each quote meets / does not meet the specification requirements (even if only one supplier submits a quote) and submit as evidence.

Please note: scoring sheets must contain comments/justification from evaluators to explain why those scores are awarded. Moderation notes must be kept and these must contain a full, transparent and fair summary of the discussion that led to the consensus scores. It is not necessary to record a verbatim record of every point made in moderation, but the notes must record the ultimate reason for awarding the consensus score to each bidder. Minutes of the moderation, notes on the evaluation, individual explanations for the decision for each tenderer and full written justification for scoring should be provided for each question at application stage. Each document must be signed by two people from the company and dated.

6. Provide simple scoring matrix and written justification for choosing the preferred supplier.
7. Inform in writing / email all suppliers who have quoted – the selected supplier AND the unsuccessful suppliers - and provide copies as evidence.

If you require any clarification of this process, the Project Manager will be able to advise you.