

**North of Tyne Green New Deal Fund Provision – Call Definition Document**

1. **Introduction**

The purpose of this call definition document is to provide applicants with the information needed to submit a bid to the North of Tyne Combined Authority (NTCA). This call is **NOT intended** for businesses and other organisations to apply directly for funding which will follow in the programme, a separate application process will be established and communicated by the successful provider organisation. This document also sets out the funding priorities for the Fund and explains the application process, the eligibility conditions and the indicative timetable.

1. **Background & Strategic Context**

In March 2020, the emergency decision making powers in the NTCA constitution were enacted and a £24.2m investment fund allocation till 2023 for an Energy, Green Growth and Climate Change blueprint was approved. This includes an in-principle £12m ‘match and multiply’ Offshore Fund, an in-principle £10m ‘match and multiply’ Green New Deal Fund, an in-principle £2m Green Growth Skills programme, a commitment of £100,000 for further development work for a revolving NTCA Carbon Reduction Fund with an ambition this fund will leverage £10m investment in decarbonisation, and an allocation of £100k to develop a pipeline of future interventions to support citizen, community and public sector engagement to be brought back to Cabinet in due course.

The NTCA Energy, Green Growth, and Climate Change blueprint links directly to NTCA’s strategic priorities and is identified as a priority sector in both the NTCA Economic Vision and the Devolution Deal. It also supports the climate change emergency declarations of NTCA and the constituent Local Authorities. Energy is a key area of strategic opportunity in the North East LEP’s Strategic Economic Plan, detailed within the LEP’s Energy for Growth Strategy.

The NTCA Green Growth approach creates the conditions for radical innovation across our industries and public services – supporting collaborative interventions that stimulate the market to create new jobs and growth, demonstrating bold ambition around carbon reduction. This will allow us to grow our capacity as a region to build the skills base to support new jobs and transition to cleaner ways of working, aligning with wider green growth policies such as 'green prescribing' and harnessing the natural capital of the area.

NTCA will establish a Green New Deal Fund to catalyse investment in green growth. Committing £9m over the next three years, this fund will form a mechanism to stimulate innovation and business growth in the areas of heat decarbonisation, energy efficiency, renewables, energy systems, low carbon transport and natural capital. In parallel, NTCA will negotiate with Government and the private sector to match and multiply this commitment with additional funds. We will seek alignment of regional spend from national and regional stakeholders to deliver a place-based approach to tackle emissions whilst delivering inclusive economic growth, building on the leading role Local Authorities play in their areas and aligned with the North East LEP’s Energy for Growth Strategy. In addition to the £9m fund, the NTCA will allocate £1m toward project development capacity, which will be managed separately and should not form part of any proposals under this call which is specifically related to the £9m Green New Deal fund.

1. **NTCA Approach**

This call for proposals invites full business case submissions from organisations that could deliver a Green New Deal Fund. Each full business case will be considered in line with the NTCA assurance framework.

The fund once operationalised will support a range of interventions, with the following high-level structure and components. The expected total fund size will be £9m, to be managed and deployed achieving financial completion by **March 2025**. The fund can include both revenue and capital components and utilise innovative and competitive bidding or call processes to bring forward proposals. Investment in innovative financial models will also be considered, to drive green growth in the North of Tyne region, ensuring the greatest possible value for money is achieved.

The focus of the Green New Deal fund is to support the ‘green growth economy’ by, prioritising projects which can deliver significant carbon reductions as well as supporting new industry and jobs in areas where emissions reductions are most needed. The fund should:

* Maintain and enable positive environmental benefits in the recovery
* Catalyse investment in green growth which complements and aligns with other regional and national funding and leverages private sector investment, including new financial models.
* Stimulate innovation (including new to market solutions) and business growth in the areas of heat decarbonisation, energy efficiency, renewables, energy systems, low carbon transport and natural capital.
* Address common market failures for example where investment would unlock low carbon economic development opportunities, including where enabling works may be required to bring projects forward.
* Align with £2M green skills allocation as part of NTCA’s wider skills programme, contributing to a just low carbon transition.
* Align with NTCA’s inclusive economy focus and approach.

Proposals for operationalising the fund should as a minimum reflect the following **key delivery principles:**

* Targeting investment in areas of genuine opportunity for the area, and which are also scalable market opportunities aligned to national policy
* Flexibility – maintain flexibility so the fund can respond to the uncertain climate in which it will operate
* Additionality – support contingent on proposals demonstrating match funding is essential
* Strategic alignment - proposals must be strategically aligned with NTCA plans; Climate Emergency plans of Local Authorities; Energy for Growth Strategy
* Take a programme view of applications and established projects, identifying relevant gaps and opportunities in the pipeline.

Proposals should outline opportunities to encourage economies of scale and increase value for money/deliver additional benefits. Proposals should additionally consider how they will encourage innovation to deliver projects that are not currently commercially viable for example due to technologies or business practises, including incentives to reduce emissions when considering tax changes.

1. **Green New Deal Fund - Funding Priorities & Call Focus**

The call for proposals is open to all organisations (or a consortium or partnership of organisations) that are able to demonstrate the ability to deliver the full scope of the Green New Deal Fund within the guidelines set out in this document.

We will select one intermediary (which may represent a partnership or consortium of intermediaries) to manage the Green New Deal Fund. The selected intermediary is to design, manage and administer the Green New Deal Fund, using their own expertise and with appropriate input from regional partners. The intermediary will be required to manage and assure applications from eligible organisations including SMEs, public sector bodies and consortiums/partnerships including larger scale community partnerships. The costs of managing the fund should not exceed 5 -10% of the value of the fund, with relevant costs considered as part of the value for money assessment.

NTCA will require the selected intermediary to work with NTCA to establish an experienced Green New Deal Fund Panel to make recommendations on investment decisions. The panel will include a mix of appropriate private and public sector representation with NTCA taking a strong stake in the governance - with the portfolio holder chairing.

The Green New Deal Fund Panel should bring the skills and expertise required to inform and guide the approach to carbon emission reduction whilst promoting a productive, competitive and sustainable economy. The Green New Deal Fund Panel should also be able to shape propositions at scale, ensuring value for money on investments and maximising opportunities to leverage funds and rapidly decarbonise our economy. Regular updates will be provided to Investment Panel and Cabinet as appropriate.

The intermediary organisation should also be able to illustrate how they are able to deploy the fund in an engaging way within the timeframe set, meeting the desired outcomes and principles, manage a diversified portfolio of clients and proposals, and indicate if they are able to leverage private and/or public funding through co-financing options alongside NTCA’s £9 million investment. The intermediary organisation must demonstrate a flexible investment strategy that will encourage business growth and employment in the low carbon supply chain, provide match funding of last resort to low carbon capital projects that can demonstrate significant jobs impacts, and run relevant exercises such as Expressions of Interest and/or technology challenges to stimulate pipeline development.

It is important to note that the Green New Deal Fund will need to be flexible to adapt not only to changing circumstances and operating environment but also evolving national government support and the changing needs of the sector through the restart and recovery phases. The Green New Deal Fund will not support activity which duplicates or displaces existing provision or funding but will instead stimulate additional benefits.

Proposals should demonstrate how they intend to deliver against North of Tyne Investment Fund outputs including:

* Direct jobs created
* Indirect jobs created
* Direct jobs safeguarded
* Indirect jobs safeguarded
* Amount of space and/or properties with improved energy efficiency.
* Carbon emissions reductions
* Renewable energy generated
* Reduction in energy costs

A full list of all NTCA Outputs, any additional Key Performance Indicators and associated guidance will be provided with the project proposal form on request.

1. **Green New Deal Fund - Call Parameters**

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| **Dates** | The Green New Deal Fund call will open on 25th September 2020 and close on 19th November 2020 at 23:59.NTCA reserves the right to change the dates and numbers of stages subject to the volume and quality of proposals received. |
| **Indicative Fund Allocation:**  | NTCA has agreed a budget of up to £9m for this programme and NTCA intends to select one applicant (which may be a consortium, or partnership) to deliver the entire fund. The expected total fund size will be £9m, to be managed and deployed achieving financial completion by March 2025. The total funding available is inclusive of any fund administration costs which should be around 5-10% of the overall fund value and costed into the overall programme budget. Fund management costs should not exceed 10% of total costs. NTCA reserves the right to decrease or increase the indicative allocation or support more or fewer proposals subject to the volume and quality of proposals received.  |
| **Applications**  | Applicants are expected to submit proposals which demonstrate impact and additionality. NTCA funding is not intended to replace existing funding. |
| **Geographical Scope**  | All interventions should be focused on activity within the North of Tyne area. |
| **Deadlines**  | For this specific call, applications will be assessed following closure of the call. Applications received after the published call close date will not be considered.  |
| **Application selection**  | All applications will be scored in line with the NTCA assessment criteria included below |
| **Eligible match funding**  | Proposals which are able to leverage match funding will be scored more favourably through the assessment process. Applicants are asked to indicate if they are able to leverage private funding through co-financing options alongside NTCA’s £9 million investment. |
| **Procurement**  | All procurement must be undertaken in line with EU regulations.  |
| **Eligible Applicants** | Applicants must be legally constituted at the point of signing a Funding Agreement and be able to enter into a legally binding Funding Agreement. The Applicant will be the organisation that, if the application is successful, enters into a contract with the NTCA and therefore carries the liability for ensuring that the terms of the Funding Agreement are met by them and to all delivery partners. Applications are encouraged from consortia or other similar types of partnership arrangements; however a lead organisation must be selected to become the Applicant. It is this organisation that carries the responsibility and liability for carrying out a compliant project.  |

1. **Assessment criteria**

Project proposals will be scored specifically against the following criteria

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| **Criteria** | **Consideration** | **Available marks** |
| **Strategic Fit** | Demonstration that the proposed fits with NTCA Economic Vision, Inclusive Economy Statement, Good Work Pledge and call focus area. The proposal is effective and will lead to a step change in low carbon economic growth, including but not limited to infrastructure, innovation and new financial models to scale delivery of decarbonisation projects | 30 |
| **Delivery of desired outcomes** | Demonstration of clear knowledge and/or experience of the UK low carbon sector Demonstration of successful experience of managing a fund and ability to apply this skill-set to manage the Green New Deal Fund. |
| **Green New Deal Fund structure and pipeline** | A strong rationale for suggested use of grant and repayable finance (as appropriate), and mechanisms to avoid any biases, and to create a diverse portfolio of clients and proposals. | 20 |
| **Value for money** | Explanation of how public and leveraged funds (as appropriate) will be utilised to maximise impact. Clear explanation of costs, income streams and expected outputs, including long term financial sustainability. If recyclable finance is used as an option, clear explanation of how the applicant intends to continue to support carbon reduction projects in the North of England.  | 20 |
| **Deliverability risk** | Robust assessment of deliverability, capacity and risks. Clear explanation of delivery routes, timeframes and key milestones. Strong arrangements for local transparency and accountability, monitoring and evaluation.Ability to deploy the funding within the timeframe set.Evidence of partnership strength and commitment (as appropriate)  | 30 |

1. **State Aid**

There is an obligation on the selected intermediary to comply with the State Aid rules in relation to all forms of grant or repayable finance it makes - it will be for the intermediary (in conjunction with the end recipient) to satisfy itself that the loan is State Aid compliant and that any necessary administrative requirements are complied with. Applicants must consider and inform NTCA how state aid rules will be applied to any successful financial award.

In compliance with Article 9 and Article11 of GBER all awards over €500,000 will be posted on our website and reported to the Commission where required. All awards will be monitored for continued compliance with State Aid.

1. **Application process**

Intermediaries are invited to submit one proposal to manage the total £9 million Green New Deal Fund, either independently or in conjunction with one or more suitable partner organisation(s). We welcome consortium or partnership approaches that support the delivery of the full scope of the fund. The decision to award the £9m Green New Deal Fund to an intermediary will be made by NTCA.

Please submit a full application. Alongside it we would expect further **complementary detail on**:

* description of your organisation, its structure and biography of key team members.
* the organisation’s knowledge of the climate change and energy landscape across the North of England (this may also be demonstrated through a partnership with one or more external organisations and an illustration of their knowledge).
* the organisation’s knowledge of national clean growth policy and understanding of how investment and funds in this space can drive economic development.
* relevant performance information and relevant examples of past performance and impact including specific experience of fund management.
* the indicative composition of the Green New Deal Fund Panel
* The methods employed to engage organisations to apply for Green New Deal Funding and the specific channels and efforts that will be used for this purpose (including proposed communication and promotion measures). The proposal should contain enough information about access to and contacts with clients that the applicants has, whether this access is direct or indirect (via their own or other networks), and the kind of relationships they maintain, giving figures where possible.
* The methods employed to promote strategic links between the regional pipeline of projects including implementation of solutions developed through existing partnerships such as the Energy Catalyst
* The methods employed to ensure the Green New Deal fund will as far as possible contribute to a just and inclusive transition to a low carbon economy
* The process put in place to manage the Green New Deal Fund. The selected intermediary will be responsible for sound management of the Green New Deal Fund and will need to set out, as part of the application how funds will be managed.
1. **Assessment & Selection Process**

Project proposals will be scored against the selection criteria in this document. A score of zero in any category will result in the proposal being rejected from the process. Scoring will be undertaken by a panel made up of members of the NTCA team plus other relevant advisory members. Clarifications may be sought as part of the assessment process by the panel as appropriate.

Following this, proposal with the highest score will be progressed in line with the NTCA’s Assurance Framework prior to being considered by NTCA’s Technical Officers Group and Investment Panel.

1. **Indicative timetable**

Proposals considered as part of this call should relate to projects which can complete practical delivery of project activity by the end of March 2025; however, NTCA reserves the right to extend this date as required.

The indicative timetable is set out below:

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| 25th September 2020 | Call opens |
| 19th November 2020  | Deadline for proposals |
| December 2020 | Assessment of proposals  |
| January 2021  | NTCAs Technical Officer Group and Investment Panel |
| January 2021  | Announcement on selected proposal  |

1. **Submission of proposal**

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

If you are interested in submitting a project proposal, please contact greennewdeal@northoftyne-ca.gov.uk for the relevant form. Completed application forms should be sent to greennewdeal@northoftyne-ca.gov.uk. Before doing so please ensure that you have followed the guidance, completed all questions and entered an electronic signature.

This call for project proposals will open on the 25th of September 2020 and will close on the 19th of November 2020 at 23:59.

Please consider the following strategic documents that may help you with your application.

* North of Tyne Economic Vision;
* North of Tyne Inclusive Economy Statement;
* North East Strategic Economic Plan;
* North East Energy for Growth Strategy;