

Call Definition

Business Decarbonisation Support Programme

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1. Introduction

The purpose of this call definition document is to provide applicants with the information needed to submit an Expression of Interest (EOI) 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 priorities for the Programme and explains the application process, the eligibility conditions and the indicative timetable.

2. Background & Strategic Context

Reducing carbon emissions, supporting business growth and creating green jobs are key priorities for the North of Tyne Combined Authority (NTCA). NTCA's Energy, Green Growth and Climate Change blueprint, which was approved in March 2020, outlines NTCA's approach to tackling the climate emergency and includes significant investment in low carbon technology, green growth and skills. It 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 the NTCA and the constituent authorities.

In February and March 2021 NTCA held the North of Tyne Citizens' Assembly on Climate Change. The Assembly provided a further opportunity to hear the views of our citizens about the type of economy and society they want in the future, and what we can collectively do to make this happen – building upon existing Local Authority consultations and engagement. The Assembly was set the question ***'what should we do in the region to address climate change and its causes fairly, effectively and quickly?'***. The Assembly produced 30 recommendations which included themes of awareness raising, green skills, investing in new technologies, making it easier to reduce waste and recycle, installing renewable energy technologies and energy efficiency measures, incentivising private landlords to make the properties they let more energy efficient and supporting low carbon travel. The comprehensive recommendations of the Citizens' Assembly are detailed in the full [Citizens Assembly Report](#). The Citizens' Assembly has played an important role in shaping NTCA's work programme and in January 2022 NTCA's Cabinet approved an indicative £0.8m for a programme of advice and support for businesses to help them reduce their carbon emissions, which will support the implementation of several recommendations from the Assembly.

3. SME Decarbonisation – A case for change

SMEs make up 98.5% of firms in the North of Tyne region. They are essential to delivering a just transition to net-zero greenhouse gas (GHG) emissions due to their role in generating employment, economic prosperity, innovation and social cohesion, especially in 'left behind' regions and because in aggregate they contribute a large proportion of the UK's emissions. The British Business Bank estimates that between 43% and 53% of emissions come from SMEs collectively¹.

Along with the need to reduce emissions, SMEs are also facing the challenges of significant increases in energy bills and a cost-of-living crisis. Britain's energy supply sector is seeing the biggest crisis in 20 years. Wholesale gas prices have risen by 250% in 12 months between January 2021 and January 2022, and a further rise is expected. This will have big consequences for SMEs where energy costs are a huge spending area. Businesses on commercial energy tariffs are not protected by a price cap and tariff prices have been rising in reaction to the spike in wholesale energy prices around the world. A survey by the Federation of Small Businesses found

¹ [Smaller businesses and the transition to net zero \(british-business-bank.co.uk\)](https://www.british-business-bank.co.uk/reports-and-publications/2022/02/smaller-businesses-and-the-transition-to-net-zero)

that 45% of nearly 1,300 firms which participated said that their costs had increased in the past three months due to rising utility bills, driven by the price of energy.

Unplanned for bill increases are hitting firms when they're already up against other major headwinds – supply chain disruption, inflation, increasing late payments from large business customers, and April seeing the biggest tax increase in small business history.

SMEs are currently adopting energy efficiency measures to achieve significant cost reductions, whilst also doing their bit to tackle climate change. Tyl's research found 19% of businesses are saving between £2000 and £3000 a year through energy efficiency measures, while 35% are saving between £1000 and £1,999. The Carbon Trust suggests that a 20% cut in energy costs represents the same bottom-line benefit as a 5% increase in sales in many businesses.

However, advice and support is required to enable SMEs to make the changes required to reduce their emissions and energy costs. Tyl's research identified barriers to implementing energy efficiency measures which included financial concerns (24% of respondents), lack of time (31%) or information (31%). 37% of small business owners said they were unaware of support they are entitled to from government such as environmental tax reliefs, FITs and capital allowances for energy efficiency, and would benefit from an increased awareness of the help available.

Throughout the UK there are examples of Business Energy Efficiency Programmes which provide advice and financial support for SMEs to decarbonise:

- In North of Tyne, the Business Energy Saving Team funded by the European Regional Development Fund (ERDF) and delivered by local Councils, provided free energy audits and grant funding to implement energy efficiency measures and renewable energy installation. This funding for this programme has now come to an end.
- Business Energy Efficiency Project (BEEP) – Durham County Council – supports SMEs across County Durham to generate financial savings through energy efficiency and energy awareness. The project can provide SMEs with finance in the form of grant support to further reduce the payback of any energy efficient installation. The programme is delivered by Durham County Council who support the SME through the whole process.
- Resource Efficiency Fund – Leeds City Region – provides advice and grants to SMEs to help lower their carbon footprint, energy use and water and waste costs.
- Business Energy Scotland – energy efficiency business support, cashback grants and interest-free loan for £1000 up to £100,000 to pay for energy efficiency upgrades.

NTCA is already supporting the transition of SMEs to a lower-carbon economy through the provision of finance through the [Green New Deal Fund \(GNDF\)](#), which is a low carbon investment fund managed by Amber Infrastructure Group. The £18m fund provides finance to SMEs and the public sector to reduce carbon emissions, create green jobs and develop skills in the region. The Fund can invest through either loans, equity, grant or a combination of thereof. There is an opportunity to complement this programme and align with other programmes such as the Green New Deal Fund.

However, NTCA recognises there is more that can be done and wants to support SMEs in their net zero journey through a programme of business, financial, legal and commercial advice which will reduce carbon emissions and utility costs. This programme will aim to remove the barriers listed above, enabling businesses to play their part in tackling climate change and save money, enabling SMEs to grow their businesses and ensure jobs are both safeguarded and created. It will learn lessons from previous business decarbonisation support programmes and build on the momentum already generated by these programmes.

The £0.8m funding allocated to this call forms part of our wider green growth strategy to reduce greenhouse gas emissions and seize the opportunities that a transition to low carbon economy provides.

4. Programme Aims

This call for proposals invites expression of interest (EOI) submissions from organisations that could deliver a Business Decarbonisation Support Programme primarily aimed at, but not exclusively for, SMEs. Each EOI will be considered in line with the NTCA assurance framework.

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

- Evidence led and clearly demonstrate need, complementary to existing support/investment, and strong strategic fit with local and national policy objectives.
- Collaborative, partnership based. This might, for example, include formalised consortia approaches where appropriate.
- Add value to other support and not duplicate existing activity. Levering other funding where possible.
- 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.
- Align with NTCA's Good Work Pledge and inclusive economy focus and approach.
- Consistent with wider NTCA values, including around a social and inclusive economy.

The programme will aim to support businesses to lower their carbon footprint, energy, waste and water use, reducing bills. The successful proposal should include the following:

- Provide end to end support for SMEs to ensure consistency and a smooth customer journey.
- Tailored advice and guidance – for example free initial assessment/audit -eligibility check, open discussion and walk around survey followed by report with recommendations and specific measures.
- Support SMEs to use innovative solutions to reduce carbon emissions through information, advice, and suggestions of access to finance from different funding sources.
- General support and guidance - for example, training, tools and guides, staff engagement toolkit, case studies and green network for business. The programme should also look to signpost to other support available e.g. SME Climate Hub, Energy Saving Trust, Green New Deal Fund.
- Provide business support to SMEs to increase the implementation rate from the assessment to implementation.
- Propose and deliver a financial model for support to SME businesses, providing access to finance. This could include a blended approach of loan and grants where applicable.
- Improve pride of place by contributing to community infrastructure and town centre improvements.
- Support for the social economy – including voluntary, community, social enterprises & cooperatives.
- Support climate change adaptation and resilience.
- Support community approaches to decarbonisation.
- Consider climate change co-benefits ([see guidance](#)).
- Recognition of green achievements to complement NTCA's good work pledge.

The proposal should also demonstrate how it will build upon best practise in the delivery of support to decarbonise businesses.

5. Programme Outcomes

The [NTCA Outputs Guidance](#) has been developed as a tool to support applicants set appropriate output targets and provide verification criteria.

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

- Job outputs
- Number of enterprises receiving support
- Amount of space and/or properties with improved energy efficiency
- Carbon emissions reductions
- Renewable energy generated
- Reduction in energy costs

In addition to the above, proposals are invited to consider the following outcomes:

- Water and waste reduction.
- Increase low carbon transport
- Improve awareness of individual and organisational carbon footprint
- Share best practice and learning
- Provide training and resources
- Data collection, information gathering and monitoring of progress to net zero goals.
- Act as a gateway to Green New Deal fund and other funding streams
- Support the local supply chain to transition to a green economy
- Promote/raise awareness of green skills and accreditations
- Community infrastructure and town centre improvements
- Climate change resilience and community approaches to decarbonisation

6. NTCA approach

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 Business Decarbonisation Support Programme 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 Business Decarbonisation Support Programme. The selected intermediary is to design, manage and administer the Business Decarbonisation Support Programme, 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, community groups and consortiums/partnerships. Detailed cost proposals for managing the Business Decarbonisation Support Programme should be included.

It is important to note that the Business Decarbonisation Support Programme 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 Business Decarbonisation Support Programme will not support activity which duplicates or displaces existing provision or funding but will instead stimulate additional benefits.

The [NTCA Funding Guidance](#) provides information for potential applicants, grant recipients and their delivery partners as well as NTCA staff. It sets out the eligibility principles and practices to which NTCA expect all projects to adhere.

7. Application process

First stage application forms for this funding opportunity are available by emailing SMEdecarbonisation@northoftyne-ca.gov.uk.

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. Queries from

applicants should be sent to SMEdecarbonisation@northoftyne-ca.gov.uk. Applicants should be aware that queries may be anonymised and responded to publicly through a Q&A Log on the NTCA website.

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

- [North of Tyne Corporate Plan](#);
- [North of Tyne Inclusive Economy Statement](#);
- [North East Strategic Economic Plan](#)
- [Co-Benefits Guidance](#)
- [Zero Carbon. Zero Poverty. Five Point Plan](#)
- [Green New Deal Fund Website](#)
- [North East Energy for Growth strategy](#)

Completed applications should be sent to SMEdecarbonisation@northoftyne-ca.gov.uk **29th July 2022**. Before doing so, please ensure that you have followed the guidance, completed all questions and entered an electronic signature.

8. Assessment & Selection Process

This funding opportunity will be developed through a two-stage process. Expression of Interest and Full Business Case.

First stage Expressions of Interest should be submitted on the form provided and will be scored against the following criteria. Applicants should note that, in line with the overarching principles of the call, strategic fit and delivery of desired outcomes criteria are **pass/fail**.

Criteria	Consideration	Available marks
Strategic Fit	<ul style="list-style-type: none"> • The proposed fit with NTCA Corporate Plan, NTCA Economic Vision, Inclusive Economy Statement and call focus area. • The proposal is effective and will lead to businesses reducing their emissions and utility costs. • The proposal is developed in adherence with the overarching principles for the call and where appropriate evidence is provided in relation to stakeholder support, value added, etc. 	Pass (10 or over) or Fail
Delivery of desired outcomes	<ul style="list-style-type: none"> • Demonstration of clear knowledge of the Low Carbon and Renewable Energy policy and funding context as applicable to SMEs in England; and • Demonstration of successful experience of managing a decarbonisation support programme for SMEs and the ability to apply this skill-set to manage the business decarbonisation support programme. 	Pass (7-15) or Fail
Value for Money	<ul style="list-style-type: none"> • The value for money associated with proposals. 	5
Intensity of Grant Request	<ul style="list-style-type: none"> • The overall proportion of funding requested from the NTCA as a proportion of total eligible project costs (intensity of grant request) will be assessed. 	5

	<ul style="list-style-type: none"> • Projects requesting a lower proportion of funding from the NTCA will score more highly. • Project requesting more than 80% of total funding from the NTCA will only be considered in exceptional circumstances and at the discretion of NTCA Investment Panel; and • Projects requesting higher intervention rates will be required to fully justify the proportion of funding requested from NTCA if invited to submit a full application. 	
Status of Match Funding	<ul style="list-style-type: none"> • The degree to which match funding that is confirmed will be assessed. 	5
Deliverability risk	<ul style="list-style-type: none"> • 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 and to implement at pace; and • Evidence of partnership strength, commitment (as appropriate) and strategic backing. • Subsidy control risk will be established at this stage through an assessment of the applicant's understanding of the relevant subsidy control implications 	20
Inclusive Economy Fit	<ul style="list-style-type: none"> • Robust assessment of the inclusive economy implications of proposals and the ability of the project to make a proactive and targeted impact on the inclusive economy ambitions of the NTCA and to have a positive impact on residents. 	10

Project proposals will be scored against the selection criteria in this document. Scoring will be undertaken by a panel made up of Officers of the NTCA and other relevant external members. Clarifications may be sought by NTCA throughout the assessment process.

Strategic fit and project deliverable criteria are Pass/Fail, as indicated in the scoring guidance and matrix.

Stage 2 – Full Business Case

Following this, project proposals that pass both pass/fail criteria and have a scored a minimum of 46 points out of 75 will be considered by the NTCA Investment Panel. If the combined value of projects meeting this threshold exceeds the funding available, the NTCA Investment Panel will have sole discretion to decide which proposals are invited to submit a Full Business Case. Acceptance of a project proposal to progress to full business case stage does not in any way indicate or constitute an offer of grant from NTCA.

Each Full Business Case submitted following a successful first stage Expression of Interest will be processed in line with the NTCA's Assurance Framework and will be appraised against the HM Treasury 'five case' model and NTCA's additional Inclusive Economy Case prior to being

considered for approval by NTCA's Technical Officers Group and Investment Panel and NTCA Cabinet.

NTCA may enter into dialogue with applicants and seek clarification at any point in the application process. This may result in revisions to propositions between the first stage expression of interest and the Full Application and potentially lead to proposals being changed, withdrawn, or combined with the of proposals submitted by other applicants in a new partnership arrangement.

NOTE: a detailed scoring Matrix is provided at Annex B.

9. Indicative Timeline

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:

20 th June 2022	EOI Call opens
29 th July 2022	Deadline for EOI proposals
August 2022	Assessment of proposals
6 th and 14 th September 2022	NTCAs Technical Officer Group and Investment Panel
w/c 19 th September 2022	Invite to Full Business Case
1 st November 2022	Deadline for Full Business Case
November 2022	Assessment of proposals
November 17 th 2022 and January 7 th 2023	NTCAs Technical Officer Group and Investment Panel
January 2023	Announcement on selected proposal

10. Subsidy Control

Following the UK's departure from the European Union on 31st December 2020, a new subsidy control regime is now in place. As such, NTCA require all applicants for funding to seek advice setting out how their project is compliant with the new UK subsidy control regime. The application includes a specific section for applicants to complete. Further information on the UK subsidy control regime can be found in the BEIS Technical Guidance, which can be accessed here: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments>

Please note the response should cover both receipt of the Funding from NTCA and the subsequent transfer of that funding to any third parties.

To comply with new subsidy control rules, funding awards that are considered to be a subsidy may need to be published on the new BEIS transparency database. All awards will be monitored for their ongoing compliance with subsidy control rules.

11. Other information

Evaluation

In order to evaluate the impact of the programme, NTCA may set out additional metrics to be collated.

Fraud, Liability and Payment Terms

The North of Tyne Combined Authority will take swift action against any recipients who have deliberately manipulated records or have committed fraud. Any beneficiaries caught falsifying their records to gain grant funding will face prosecution and any funding or grants paid in error will be subject to claw back.

The North of Tyne Combined Authority does not accept any liability for any issues that may arise for applicants under this scheme, whether they are successful or not.

Following a funding award from NTCA, the applicant will be required to submit claims to draw down the grant. Only claims which can demonstrate evidence of expenditure will be eligible for payment. Payments will be made directly to the applicant's bank account by electronic transfer, normally within 5 working days of a complete and accurate claim being accepted. Grant awards will be subject to the availability of funds. There will be no appeals process following determination. Beneficiaries will receive written confirmation stating that by accepting the grant payment, they confirm that they are eligible for the grant scheme, and that any payments accepted will be subject to state aid requirements.

Annex A: Business Decarbonisation Support Programme - Call Parameters

Dates	<p>The Business Decarbonisation Support Programme call will open on 20 June 2022 and close on 29 July 2022 at 23:59.</p> <p>NTCA reserves the right to change the dates and numbers of stages subject to the volume and quality of proposals received.</p>
Indicative Fund Allocation:	<p>NTCA has agreed a maximum budget of up to £800k for this programme and NTCA intends to select one applicant (which may be a consortium, or partnership) to deliver the entire programme.</p> <p>The programme will be managed and deployed achieving financial completion by March 2025.</p> <p>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.</p> <p>NTCA may fund the activity proposed as a result of this call through any means or funding sources at its disposal, which may include but not be limited to NTCA's devolved Investment Fund or UK Shared prosperity Fund allocated to the North of Tyne area. Bidders should be prepared to adapt to the eligibility and monitoring requirements of the funding used and will be notified of the funding source and administrative requirements prior to project commencement, if successful.</p> <p>NTCA may request at any point prior to Grant Funding Agreement that applicants to this call align, collaborate or combine activity at a geography beyond the NTCA boundary where it believes the objectives will be better met in this way and funding is available to facilitate this.</p>
Applications	<p>Applicants are expected to submit proposals which demonstrate impact and additionality. NTCA funding is not intended to replace existing funding.</p>
Geographical Scope	<p>All interventions should be focused on activity within the North of Tyne area.</p>
Deadlines	<p>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.</p>
Application selection	<p>All applications will be scored in line with the NTCA assessment criteria included below</p>
Eligible match funding	<p>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 investment.</p>
Procurement	<p>All procurement must be undertaken in line with Public Procurement Regulations .</p>
Eligible Applicants	<p>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</p>

	organisation that carries the responsibility and liability for carrying out a compliant project.
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Annex B – Detailed Scoring Criteria

Assessment of Project							
Strategic fit with NTCA Vision, Energy, Green Growth and Climate Change Blueprint, and Call Specification	[PASS]: 15-13	[PASS]: 12-10	[FAIL]: 9-7	[FAIL]: 6-4	[FAIL]: 3-1	[FAIL]: 0	Pass (10-15) or Fail (0-9)
	Very strong fit and strong evidence of need and rationale for intervention		Moderate fit with limited evidence of need or rationale for intervention		Low fit with poor evidence of need and rationale for the intervention.	No fit with no evidence of need or rationale.	
Outcomes associated with the project	[PASS]: 15-13	[PASS]: 12-10	[PASS]: 9-7	[FAIL]: 6-4	[FAIL]: 3-1	[FAIL]: 0	Pass (15-7) or Fail (0-6)
	Very Likely to deliver exceptional and relevant outcomes		Likely to deliver a reasonable level of relevant outcomes		Likely to provide limited outcomes	Unlikely to meet any of defined outcomes	
Value for Money	5	4	3	2	1	0	5
	Exceptional value for money	potentially very good value for money	represents reasonable value for money	4-3	Offers less favourable value for money.	Unlikely to offer any value for money.	
Intensity of grant request (% of total funding requested from NTCA)	5	4	3	2	1	0	5
	1-20%	21-40%	41- 60%	61-70%	71-80%	80-100%	
Status of the match funding	5	4	3	2	1	0	5
	Fully confirmed		Most match funding in place		Little match funding in place	No source of match funding identified	

Deliverability Risk	15-13	12-10	9-7	6-4	3-1	0	20	
	<p>Considered to have a high chance of success & completion by the timescales indicated - risks well managed.</p> <p>Likely to have a significant and immediate impact.</p> <p>Relevant Subsidy Control implications understood</p>		Moderately likely to succeed and be delivered by the timescales indicated, some risks with strategies to mitigate in place.		<p>Management and delivery arrangements considered to be weak. High risk of failure with limited mitigation considered.</p> <p>Impact unlikely to be significant or speed of delivery slow.</p>	<p>Considered to have a very low likelihood of successful completion by the timescales indicated / multiple high-level risks with no clear management</p> <p>No appropriate consideration of Subsidy Control implications</p>		
Inclusive Economy fit	10-9	8-7	6-5	4-3	2-1	0	10	
	Very strong fit		Moderate fit		Low fit	No fit		
							Score	/75