

## Local Energy Scheme 3 Grant Guidance - Revenue grant funding

### Contents

1.0 Introduction .....	2
2.0 Overview.....	2
3.0 Benefits.....	3
3.1 Local energy .....	3
3.2 Community benefits .....	3
3.3 Additional benefits .....	3
4.0 Who can apply?.....	3
4.1 Applications from consortium.....	4
4.2 Local authorities .....	4
5.0 What is the focus of this grant funding? .....	4
5.1 What can Stage 1, up to £25k funding be used for? .....	5
5.2 What can Stage 2, up to £50k funding be used for? .....	5
6.0 Multiple project applications.....	6
7.0 How will grants be awarded? .....	6
8.0 Who can carry out works on the project?.....	6
9.0 Grant award requirements.....	7
9.1 How will grant be paid? .....	7
9.2 Reporting and Audit .....	7
10.0 Does Subsidy Control apply?.....	7
11.0 Does the Freedom of Information Act apply? .....	8
12.0 Making an application .....	8
<b>Annex A Evaluation Matrix.....</b>	<b>10</b>

## 1.0 Introduction

The West of England Local Energy Scheme 3 Revenue (LES3 Revenue) is for community-based organisations, that are developing energy generation related projects for the benefit of the local community.

The total grant pot is £723,000, consisting of: at least £275,000 as revenue funding available in two stages; followed by a capital grant round.

**This guidance covers the revenue grant funding only.**

## 2.0 Overview

The grant is divided into two stages. Organisations can apply for either stage of funding. A project may apply for both stages simultaneously as long as evidence can be provided of a deliverable project:

- Stage 1 - Revenue Grant of up to £25,000 for pre-feasibility & feasibility (100% of costs)
- Stage 2 - Revenue Grant of up to £50,000 for development (100% of costs).

The funding aims to help develop projects that:

- increase the level of community and locally owned renewable and low carbon energy assets
- and
- support communities by helping them to reduce energy costs, create smart local energy systems, or generate income through community owned energy assets and reinvesting income locally
  - promote additional benefits through the creation of jobs, training and volunteering opportunities in the communities where projects are located; and supporting nature recovery and biodiversity net gain.

The funding is intended to:

1. support the up-front costs associated with identifying projects and undertake pre-feasibility
2. enable technical feasibility and business plan modelling
3. project design to a developed stage to secure planning permission and/or create a financial investment plan.

The Scheme is funded and managed by the [West of England Combined Authority](#) from the Combined Authority's Recovery Fund and Green Recovery Fund. These funds are directed towards work to build regional resilience for the future and delivering the commitments in our [Climate and Ecological Emergency Strategy and Action Plan \(CESAP\)](#).

## 3.0 Benefits

### 3.1 Local energy

This grant will support projects designed to increase local renewable energy generation. Low carbon, renewable energy provides the UK with low-cost energy that contributes to our commitment to reduce greenhouse gases by generating energy from non-fossil fuel sources. The UK aims to become net zero carbon by 2050. Managing and shifting demand patterns to match more closely when renewable energy is being generated is also a key factor in being able to meet this target. The West of England has a more ambitious target of achieving net zero in the region by 2030. How we plan to meet this target is set out in our strategy and action plan, linked above.

### 3.2 Community benefits

This grant aims to support projects delivering community benefit, through community energy models of delivery and ownership. Community energy projects can create community cohesion, based on a shared concern for the local and global environment. Community-led energy projects across the country have: funded other community projects; provided training and educational opportunities; helped reduce fuel poverty in their area; provided local employment opportunities; and reduced energy costs for residents (where a local tariff has been set up).

### 3.3 Additional benefits

Projects being supported through this fund should be scoped at feasibility and development stage with consideration for where additional benefits can be achieved. Additional benefits include:

- delivering innovation or sharing learning in technology, approaches, business models and/or data use
- supporting and promoting green skills through the creation of jobs, training and volunteering opportunities in the communities where projects are located, either during the project installation or as a project legacy
- protecting and enhancing biodiversity at the project site during project installation and enhancing biodiversity going forward.

## 4.0 Who can apply?

LES3 Revenue is open to enterprises and charities of any size, with priority given to those that are small and medium sized. Your organisation must be set up as a legal entity, for instance as an energy focused social enterprise, trading business or registered charity.

Applications must be led by legally constituted organisations, registered with Companies House, the Financial Conduct Authority, the Charities Commissions or Regulator. Eligible incorporation types include:

- Community Interest Company
- A Limited Company
- Charitable Incorporated Organisation (CIO)
- Community Benefit Society (CBS or Bencom)
- Co-operative Society

- Development Trust
- Registered Society
- Pre-commencement society
- Registered charity (including eligible faith groups, sports clubs, etc.)
- Registered provider of social housing (this can include local authority or social landlord owned social housing).

Each project must have one lead applicant.

Your organisation and your project must be based within the Combined Authority area, namely: Bath & North East Somerset, Bristol City or South Gloucestershire local authority areas.

## 4.1 Applications from consortium

Consortium bids are welcome, but you must specify a lead organisation. LES3 Revenue funds can be passed from the lead organisation to supporting organisations specified in your application without competitive tender. An agreement reflecting the LES3 Revenue funding terms must be established between the lead organisation and supporting organisations prior to any funds being transferred.

Consortiums with non-eligible organisations are permitted. However, it is not permissible to pass LES3 funds to non-eligible organisations except through competitive tender or as part of fees payable to public bodies to acquire necessary licencing and permissions.

## 4.2 Local authorities

Local authorities cannot receive LES3 Revenue funding for their own costs in any circumstances. However, they can lead an application if they are applying in their capacity as a Registered Social Landlord for a social housing-based project. Local Authorities can be a supporting partner to an eligible organisation leading an application for any other eligible project. Although the local authority cannot claim their own costs in these circumstances, they can add value to a bid by coordinating work or providing other support or advice.

## 5.0 What is the focus of this grant funding?

Feasibility and development of projects focused on these themes:

- single renewable energy projects (including hydro)
- smart local energy systems, demand management, generation optimisation, hybrid sites, complex sites
- energy infrastructure
- small demonstrators

This grant cannot be used for:

- rooftop solar through a community energy ownership model unless it is part of a smart local energy system

- rooftop solar on commercial premises, as the [Roof Top Solar](#) grant supports this.

Wind sites should be discussed with the LES project team prior to an application. There is an existing regional project looking into sites for wind funded through a related grant pot.

## 5.1 What can Stage 1, up to £25k funding be used for?

Stage 1 grants are for pre-feasibility and feasibility in the early development stages of a project. They can cover consultancy and professional costs for producing an initial feasibility report. Including:

- basic technical pre-feasibility or feasibility assessment, including grid connection
- options appraisals for sites
- early-stage landowner agreement (Heads of Terms)
- community engagement
- public body stakeholder engagement
- scoping planning or grid issues
- scoping need for permits, licences, and consents
- finance and business model development
- project management (this can be salary costs that are evidenced, plus 15% overheads).

## 5.2 What can Stage 2, up to £50k funding be used for?

Stage 2 grants are available for projects that have been found to be feasible, to take them through to fully developed projects, so they are able to attract sufficient investment for delivery. Including:

- Detailed technical feasibility assessment
- Landowner agreement for lease or land purchase
- Surveys and professional support in development of a planning application
- Detailed investigation of technology or methodology for deployment of energy demand, generation optimisation or smart local energy systems
- Additional community engagement
- Additional public body stakeholder engagement
- Planning and grid applications
- Permits, licences and consents applications
- Development of a robust business case to attract sufficient investment
- Project management (this can be salary costs that are evidenced, plus 15% overheads).

## 6.0 Multiple project applications

A lead organisation may apply to the fund for different projects, providing that they are distinctly different.

Each project would be eligible for the full Stage 1 and Stage 2 support subject to meeting the eligibility criteria.

## 7.0 How will grants be awarded?

The grant award process is competitive. Your organisation and project will be assessed to ensure that they are eligible.

The Combined Authority will carry out due diligence on your application, assessing the financial health of your organisation and its on-going sustainability. If you apply, your organisation will be subject to a credit check by a third-party reference agency. Please supply your latest filed accounts with your application. We also reserve the right to request a copy of your last three years' accounts.

The Application Form indicates where an answer is pass/fail and where answers are scored. Once confirmed as passing the criteria, your project will be assessed and scored against the criteria set out in section Annex A of this guidance. Evaluation will be carried out by an expert panel from the Combined Authority and South West Net Zero Hub. It may be necessary for us to seek points of clarification in your application form which may impact on the grant award timeline.

Grant will be awarded to the project, or combination of projects, that best meet the strategic aims and focus of the funding. The Combined Authority Environment Director in consultation with the West of England Environment Directors, will decide which project(s) to fund; advised by an Advisory Panel, comprising local authority officers and other stakeholders. There is no obligation on the Combined Authority to fund eligible bids.

## 8.0 Who can carry out works on the project?

You must follow the [Procurement Guidance](#) found on our webpage for procuring supplies, services and works. These rules ensure the sound financial management of public funds and open opportunities up to competition. As part of the grant agreement, you will be asked to commit to following the required procurement and sign a declaration for conflicts of interest.

If calculating greenhouse gas savings, please use estimated tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Greenhouse gas emissions should be calculated using [BEIS 2023 conversion factors](#). Fuel calculations should include both direct (scope 1 and/or 2 where

relevant) and indirect (scope 3) emissions from transmission/distribution and fuel refinement.

## 9.0 Grant award requirements

### 9.1 How will grant be paid?

Any award of funding will be formalised in a Grant Offer Letter, which you will be asked to sign.

Grant funding will be paid in arrears against an agreed schedule. The Combined Authority aims to pay 28 days after the submission of a valid claim as per standard Combined Authority payment terms. Grant claims must be submitted using the form provided and supported by evidence of procurement process over a certain value, defrayed expenditure (i.e. actual money spent) such as salary costs, copy invoices and bank statements. Salary costs must be evidenced. A 15% sum for overheads can also be claimed. Any relevant regulatory documentation will need to be supplied before final grant payment is made.

All grant must be claimed by **31<sup>th</sup> March 2025**. All funding offers will contain a 'project completion date' beyond which no automatic entitlement to further payments will exist.

### 9.2 Reporting and Audit

You will be required to provide a quarterly report on finance and project progress.

Expenditure must be claimed within the financial year in which it is spent.

An independent project audit is required at the end of the project. You will be required to provide information and participate in this process.

## 10.0 Does Subsidy Control apply?

Organisations that are 'enterprises', meaning that they are engaged in economic activity, will be awarded funding as subsidy. This will be awarded under a bespoke Local Energy Revenue Subsidy Scheme designed by the West of England Combined Authority. The Subsidy Scheme will also cover grant delivered through the Community Energy Fund by the South West Net Zero Hub. The criteria for this Subsidy Scheme will allow LES3 Revenue grant applications to be eligible.

The Combined Authority will assess your application against the eligibility criteria described in this guidance document, rejecting those that are ineligible. However, if awarded grant, it will be your responsibility to ensure that your project activities remain compliant with our terms and conditions on eligible costs and maximum grant levels.

It is likely that charities applying for this grant will be awarded as no subsidy. However, the subsidy assessment will take into account the aims of the project to determine whether a project is economic.

## 11.0 Does the Freedom of Information Act apply?

You should note that the Combined Authority is subject to the Freedom of Information Act 2000. Applicants are requested to state in a covering letter, which part, if any, of the information supplied with their application is confidential or commercially sensitive or should not be disclosed in response to a request for information and why. Applicants' statements will be considered; however, the Combined Authority is unable to give any guarantee that the information in question will not be disclosed. In addition, any award of grant will be published in transparency data that the Combined Authority is legally obliged to publish; as well as details of successful applicants and their projects to promote the LES3 Revenue.

## 12.0 Making an application

The [grant guidance](#) and [procurement guidance](#) are available to download from the website from 26<sup>th</sup> February 2024.

For an application form please email [renewables@westofengland-ca.gov.uk](mailto:renewables@westofengland-ca.gov.uk)

Applicants making a Full Application for Stage 1 and 2 grant may have submitted an Expression of Interest but it is not mandatory to have done so to make an application.

Email completed applications to [renewables@westofengland-ca.gov.uk](mailto:renewables@westofengland-ca.gov.uk) from 18<sup>th</sup> March and at the latest by **12 noon Tuesday 26<sup>th</sup> March 2024**.

Grant award will be made by 29<sup>th</sup> April 2024.

### Application support:

- If you have any queries about this grant, please contact Micaela Basford, Renewable Energy Project Manager on 07770 814462 or [renewables@westofengland-ca.gov.uk](mailto:renewables@westofengland-ca.gov.uk)
- The People and Skills Team will be available to help you identify opportunities relating to jobs, training, and volunteering when scoping your project. This should aid you when completing the Additional Benefits section of the application form. Please use the contact details above.
- The [South West Energy Hub](#) may be able to help and advise on developing the scope of your project from technical perspectives.

Information about previous energy projects supported by grant funding via the West of England Combine Authority can be found on our [webpages](#).

END



Blank page

## Annex A Evaluation Matrix

Theme	Weighting	Score			
		0	1	2	3
<b>Provides evidence of a deliverable project – based on project plan, timescales, project management, resources, financial planning and governance.</b>	45%	Low	Medium	High	Very High
<b>Provides evidence of how the resulting project if viable, will meet the aims and focus of the fund. Including how it will lead to:</b> <ul style="list-style-type: none"> <li>increased renewable energy generation capacity in the Combined Authority area and</li> <li>increased community and locally owned low carbon energy</li> <li>smart local energy systems, demand management or optimisation.</li> </ul>	45%	Low – not eligible	Medium	High	Very High
<b>Outlines how the resulting project if viable, would deliver additional benefits, including:</b> <ul style="list-style-type: none"> <li>innovation/share learning in the use of technology, approach, or business models</li> <li>supporting and promoting green skills &amp; jobs - such as skills training, work experience, employment opportunities, college/trainer partnerships and/or installer capacity building</li> <li>protecting and enhancing biodiversity at the project site during project installation and enhancing biodiversity going forward.</li> </ul>	10%	Low	Medium	High	Very High