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Low Carbon Travel & Transport Challenge Fund

4. Guidance for Applicants

Round 3



European Union



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EUROPE & SCOTLAND
European Regional Development Fund
Investing in a Smart, Sustainable and Inclusive Future

Disclaimer

Applicants should be aware that, as the Low Carbon Travel and Transport Challenge Fund (LCTT Challenge Fund) is a developing programme, the guidance will be reviewed as the programme evolves and therefore may be subject to change. The Scottish Ministers reserve the right to amend the National Rules on Eligibility of Expenditure and Transport Scotland reserves the right to amend the published guidance during the period of the programme.

The Energy Saving Trust and/or Transport Scotland reserves the right to reject an application where:

- an application is submitted late, is completed incorrectly, is materially incomplete or fails to meet any submission requirements which have been notified to the applicants; and/or
- the applicant (including any partners) are guilty of a material misrepresentation or false statement in relation to its application and/or the application process.

The Energy Saving Trust and/or Transport Scotland reserves the right at any time:

- not to consider applications other than those submitted in accordance with the requirements of the application process;
- to issue amendments or modifications to the application documents during the application process;
- to require an applicant (including any partners) to clarify their application in writing and/or provide additional information (failure to respond adequately may result in an application being rejected);
- alter the timetable of any aspect of the application process;
- to not award any grant funding under the LCTT Challenge Fund; and/or
- to cancel the application process at any time.

Any costs or expenses incurred by an applicant (including any partners) or any other person in participating in the application process will not be reimbursed by the Energy Saving Trust and/or Transport Scotland. The Energy Saving Trust, Transport Scotland and/or any of their representatives or advisors will not be liable in any way to any applicant (including any partners) or any other person for any costs, expenses or losses incurred by any applicant (including any partners) or any other person in connection with this application process.

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Background

Transport Scotland has been awarded funding until 2022 through the European Regional Development Fund (ERDF) 2014-2020 Programme to deliver a Low Carbon Travel and Transport (LCTT) Programme.

As part of the ERDF programme, Transport Scotland has committed to running a LCTT Challenge Fund and has appointed Energy Saving Trust to deliver this.

About this document

This document provides an overview and guidance to help you complete an application for the LCTT Challenge Fund.

This document is one of four you will need in order to complete an application:

- 1. LCTT Challenge Fund Expression of Interest Form – Round 3**
- 2. LCTT Challenge Fund Application Form – Round 3 (*available on request, following submission of Expression of Interest*)**
- 3. LCTT Challenge Fund Notes for Applicants – Round 3**
- 4. LCTT Challenge Fund Guidance for Applicants – Round 3 (*this document*)**

An Expression of Interest (EOI) form can be downloaded from the [Energy Saving Trust website](#) and is required for the Energy Saving Trust to issue a full application form. Please email your EOI to LCTT@est.org.uk as soon as possible to allow sufficient time to complete the application for and to be able to take full advantage of the webinars and surgeries offered in support to applicants in August and September 2019. We will send you a copy of the LCTT Challenge Fund Application Form by return. The information provided in the EOI will help the LCTT team to identify if an applicant can be offered support. The current funding round will support applications that expect to have secured all match funding by February 2020 and complete physical works by September 2022.

Targeting and conditions related to future funding through the remainder of the LCTT Programme, the successor to the current Scottish ERDF programme and other Transport Scotland / Scottish Government initiatives is currently evolving. To help inform development of future funding opportunities, we would welcome Expressions of Interest under the current application round for projects that support the overarching aims of the Low Carbon and Active Travel Hubs but are either out with the Round 3 delivery timescales or do not represent a clean fit with eligibility criteria. If your proposal relates to potential future funding opportunities, please select the Future Funding box on the Expression of Interest form.

The Notes for Applicants can be downloaded from [the Energy Saving Trust website](#).

For any questions during the application process, please contact the Energy Saving Trust LCTT Challenge Fund project team: LCTT@est.org.uk / 0131 555 8690. The Energy Saving Trust has been appointed by Transport Scotland to administer the LCTT Challenge Fund on its behalf.

FAQs are available on [the Energy Saving Trust website](#).

Further support will be provided during the application process, including application process and applicant guidance webinars and surgeries.

The deadline for applications is 4 pm, Friday 25 October 2019.

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1 Introduction to the Low Carbon Travel and Transport Challenge Fund

Transport Scotland has been awarded funding under the European Regional Development Fund (ERDF) 2014-2020 programme to deliver a Low Carbon Travel and Transport (LCTT) programme¹.

The Strategic aims of the LCTT programme are to:

- Increase the number of journeys made by public transport, active travel and low carbon vehicles;
- Support Active Travel Hubs (facilities and routes to support cycling, walking and public transport use as an alternative to the car);
- Provide low carbon transport hubs and reliable low carbon refuelling services at strategic sites.
- Develop a national smart ticketing scheme

Through the LCTT Challenge Fund whole programme, Transport Scotland has committed to:

- Deliver a minimum of 27 Low Carbon Travel and Transport Hubs;
- Construct, upgrade or bring back into use up to 100km of associated path networks;
- Increase the number of ultra-low emission vehicles (ULEVs) in Scotland by 100;
- Increase the proportion of journeys to work by public and active travel by 1.5%.

£8.43m of the ERDF award is being made available through Round 3 of the LCTT Challenge Fund to support the development of active travel and low carbon transport hubs and paths across Scotland.

Guidance on what a hub and path is in the context of the LCTT Challenge Fund is provided in section 8 and 9.

¹ ERDF funding awarded to Transport Scotland is covered by the [HM Treasury guarantee](#) to ensure that UK organisations will continue to receive funding over a project's lifetime after the UK leaves the EU. By extension any funding awarded under the LCTT Challenge Fund is also covered. The administrative processes, eligibility rules, compliance, reporting and monitoring and evaluation requirements will continue to apply for the lifetime of the project as indicated in LCTT Challenge Fund guidance and other associated documents.

2 How much is available

The LCTT Challenge Fund is a capital fund. For Round 3, £2.48 million ERDF funds are available for projects from the Highlands and Islands (H&I) area and £5.95 million of ERDF are available for projects from the Lowlands and Uplands (LUPS) area of Scotland. Transport Scotland is also making available a limited budget to support a proportion of the match funding requirements of projects.

The total eligible costs of projects are set at a minimum of £250,000. Projects with lower total eligible costs may also be considered by exception and agreed with EST in advance of submitting an application, although these should not be more than 20% lower than the minimum limit, i.e. not lower than £200,000. There is no limit to maximum eligible project costs, however Transport Scotland match funding support will only be applicable up to £2 million of eligible costs. For projects with higher total eligible costs, no Transport Scotland match funding will be available for the costs that exceed £2 million. Please see section 4.3 below for further information on match funding.

ERDF funds and Transport Scotland match funding is only available to support a proportion of the total eligible costs of a project. The amount of funding that may be requested from these sources will depend upon the case presented in an application. For project with total eligible **project costs up to £2 million**, applicants will need to bring at least 20% match funding from their own/external sources (i.e. from non-Transport Scotland/ERDF eligible match funding sources) to meet the eligible costs of projects located in H&I; this level will be set at a minimum of 30% for applicants where projects take place in LUPS. Please note that whilst both the 20% and 30% levels are the minimum amounts required for projects to be considered for Round 3, there is an expectation on applicants to bring their own/external match funding to projects above these levels if funds are available.

For projects with total eligible costs over £2 million, the minimum own/external match funding required for the **portion exceeding the £2 million** limit will be 30% for H&I applicants and 60% for LUPS applicants.

As ERDF is intended to be the funding of last resort, should there be sufficient funds available through both an applicant's own match funding contribution and that available from the Transport Scotland match funds, both these sources will be used in the first instance to offset the need to draw down on available ERDF funds.

3 Defining the project you are submitting to Low Carbon Travel and Transport Challenge Fund

The distribution and governance of the funds are covered by the ERDF 2014-2020 National Rules on Eligibility of Expenditure. You should define your project under the ERDF LCTT Challenge Fund so that it only covers eligible activity /expenditure and you

should ensure that all your project expenditure has been checked for compliance against the [National Rules on Eligibility of Expenditure](#). Eligible cost models are specified in section 4.2.

The total eligible project costs for an ERDF LCTT Challenge Fund Project will be formed of only eligible expenditure and will be made up of a contribution of eligible match funding, including Transport Scotland match funding, and a contribution, where required, from the relevant ERDF intervention rate (up to 70% for H&I and up to 40% for LUPS). This equates to 100% total eligible project costs.

If ineligible elements funded either directly or from elsewhere are part of the proposed project, these should **not be** included within the LCTT Challenge Fund project application for the purposes of obtaining ERDF.

If your project is part of a wider project; the non-ERDF eligible project elements need to be summarised for information purposes and to demonstrate these are not included in the LCTT Challenge Fund project related costs.

4 Eligibility

4.1 Bodies

Applicants must meet all of the following criteria to be eligible for funding under the LCTT Challenge Fund:

- Public, community or third sector organisations with a governing body, a democratically elected management committee and a governing document that has been formally adopted.
- Organisations that can provide sufficient matched funding from an eligible source: applicants will be required to match fund a minimum of 20% (H&I) and 30% (LUPS) of the eligible project costs up to £2 million and – in the case of projects of a bigger scale – a minimum of 30% (H&I) and 60% (LUPS) for the portion of eligible costs exceeding £2 million.
- Organisations with a proven record in delivering and running capital projects of similar scale to the LCTT Challenge Fund.
- Organisations with the capacity to sustain an ERDF funded project for a minimum of 5 years after project completion.

4.2 Costs

Scottish Government, as Managing Authority, has developed [National Rules on Eligibility of Expenditure](#) (hereinafter “National Rules”) in accordance with European Commission Regulation 1303/2013, in particular Article 65 Paragraph 1 which states:

“The eligibility of expenditure shall be determined on the basis of national rules, except where specific rules are laid down in, or on the basis of, this Regulation or the Fund-specific rules.”

Transport Scotland, as Lead Partner, must adhere to and is responsible for applying these rules and will liaise with Scottish Government to ensure that all activities and expenditure under the LCTT Challenge Fund are eligible.

The National Rules stipulate the specific **Cost Options** that must be applied to programmes and projects under the ERDF 2014-2020 programme. The **Cost Options** that should be applied to the LCTT programme and the LCTT Challenge Fund are the Flat Rate and Actual Costs options. Information on the type of costs covered under these options is provided below.

Flat rate costs (section 2.2 of the National Rules) include:

Direct Staff Costs + up to 15% for indirect costs – From 1 January 2018 staff who work a minimum of 40% on the delivery of Structural Funds activity within a specific period will be deemed eligible. This can either be on a full-time or part-time basis. Staff do not need to be in place for the full duration of an operation, as long as their role is justified and they are working at least 40% on an operation for the period they are required. In order to demonstrate this, organisations will be required to complete and retain mandatory timesheets based upon a template available [here](#). Applicants are also required to retain and make available a job description and contract or letter which details the allocation of staff involved in the project, as well as payroll reports and proof of payment. A full audit trail must be provided and further details on required documents will be provided in the guidance documents for grantees.

Staff costs incurred through contracts for services such as consultancy services are not considered eligible under these flat rate options - these would be covered under the **procurement** option and paid as actual costs, which do not generate a 15% indirect cost uplift. Unpaid voluntary work is also not eligible under direct staff costs.

For further information on staff costs please refer to sections 2.2.1 and 4.2.1 – 4.2.4 of the National Rules.

As per art. 68 of ES Regulation 1303/2013, “where the implementation of an operation gives rise to indirect costs, they may be calculated at a flat rate”. The indirect costs flat rate applicable to the LCTT Challenge Fund is 15% of staff costs.

E.g.: staff travel should not be considered as a direct staff cost. It can be considered as an indirect cost.

Further information on indirect costs can be found in section 2.2.2 of the National Rules.

Actual Costs include:

Actual costs can only be utilised under the following options:

- procured costs (see section 1.8 and 1.8.1 of the National Rules, as well as section 6.1 of this document below);
- purchase of land and real estate (as per Article 69, Paragraph 3 of EC Regulation 1303/2013, only up to 10% of total eligible expenditure for the operation is eligible. For derelict sites and for those formerly in industrial use which comprise buildings, the limit can be increased to 15 %).

Actual costs will require a full and verifiable audit trail.

Expenditure paid out through procurement should be claimed as actual costs and should not incur any flat rate. Procured activity should also not use unit cost models - tenderers can be invited to bid for contracts on a unit cost price basis but these costs cannot be predetermined.

Preparatory work can be considered as eligible costs as long as it falls under section 4.1.2 of the [National Rules on Eligibility of Expenditure](#) on Pre-Contract and Contract Implementation Costs. For pre-contract works that meet the criteria under section 4.1.2 to be considered, they must be ERDF compliant (see section 6 below), they must be included in the project application and they must be accompanied with the appropriate evidence. The start date of the programme is 1 January 2014. Feasibility studies are not eligible under this rule.

Outreach activity, marketing and promotion, community engagement and evaluation

For the purposes of the LCTT Challenge Fund, the ERDF award may be used to support some revenue-type costs as part of the overall proposal until 30 September 2022; namely outreach activity, marketing, promotion, community engagement and evaluation.

4.3 Match Funding

The ERDF 2014-2020 programme provides European strategic investment across Scotland with the remaining funding necessary to achieve the delivery of programmes coming from non-European funding such as public and partner organisations which is termed as Match funding.

As described in section 2, the total eligible project costs are set at a minimum of £250,000. Projects with lower total eligible costs may also be considered by exception, although these should not be more than 20% lower than the minimum limit, i.e. not lower than £200,000. There is no eligible project cost maximum limit, but match funding requirements are different for projects below £2 million or over this threshold.

Scenario 1: projects with total eligible costs between £250,000 and £2 million

For project with total eligible project costs **up to £2 million**, applicants from the H&I area will need to bring at least 20% match funding from their own/external sources to support the total eligible costs of projects; with the equivalent amount for projects taking place in the LUPS area being at least 30% of total eligible project costs. The balance of funding required to meet 100% of the total eligible project costs can be met through match funding available from Transport Scotland and, where required, ERDF funding. Please note that although the 20% and 30% levels of an applicant's own/external match funding are the minimum amounts required for projects to be considered for Round 3, there is an expectation on applicants to bring their own/external match funding to projects above these levels if these funds are available.

Scenario 2: projects with total eligible costs over £2 million

For projects with total eligible costs of over £2 million, the minimum own/external match funding required for the portion **exceeding the £2 million** limit will be 30% for H&I applicants and 60% for LUPS applicants, as shown in the table below. Only ERDF contribution can be requested to cover project costs in excess of £2 million, no Transport Scotland match funding will be offered over the £2 million threshold.

Project area	<u>Minimum</u> own/external match funding required for up to £2M project costs	<u>Minimum</u> own/external match funding required for project costs over the £2M threshold	<u>Maximum</u> ERDF intervention rate available	<u>Maximum</u> Transport Scotland match funding support available
H&I	20%	30%	70% of total eligible project costs	10% up to £2 million (i.e. up to £200,000)
LUPS	30%	60%	40% of total eligible project costs	30% up to £2 million (i.e. up to £600,000)

Example: An organisation submits a project proposal for activities based in H&I. Total eligible project costs will be £5 million. If the applicant demonstrates that all other funding sources have been exhausted, they can apply for TS match funding support and ERDF funding. TS match maximum availability level in H&I corresponds to 10% of eligible costs up to £2 million, i.e. £200,000. The maximum ERDF support available corresponds to 70% of the total eligible project costs, i.e. £3,500,000. Therefore, the applicant can receive up to £3,700,000 LCTT Challenge Fund grant. Together with the applicant's own/external match funding (20% up to £2 million and

30% of the excess, i.e. £400k+£900k= £1,300,000), this corresponds to 100% of the total eligible project costs.

As part of the assessment process, applications will be scored on the basis of the evidence of match funding provided, that will consider both an applicant's own/external match funding as well as any Transport Scotland match funding requested. Applications that demonstrate strong evidence that match funding will be in place will score higher than those where evidence is lacking. Furthermore, applications that bring a disproportionately lower amount of their own/external match funding to a project will score lower than those applications that are able to bring higher levels of their own/external sources of funding.

Ineligible match funding

We cannot accept the following as match funding: European funding of any kind; corporate and private sector funding; in-kind contributions. All applicant organisations must be able to demonstrate that their match funding is 'clean' and does not originate in any way from a European source and has no other outputs linked to it and that it is not being used for any other purposes. Applicants will also be required to produce evidence to support the compliance of either secured or proposed match funding.

Under Round 3, Transport Scotland has made available funds to support projects where a match funding gap exists and applications for these are being managed as part of the scoring and assessment process. Therefore, grants which originate from the Low Carbon Economy or Active and Sustainable Transport Units within Transport Scotland, and which are subject to separate application process, cannot be used as eligible match. These include e.g. Places for Everyone, Smarter Choices Smarter Places (SCSP), Switched on Towns & Cities and the ChargePlace Scotland infrastructure grant. An exception is the Cycling Walking Safer Streets (CWSS) grant, which is a ring-fenced fund distributed to Local Authorities through the Local Government Settlement.

Energy Saving Trust will be required to monitor and report on all match funding as part of the performance compliance procedures built into the LCTT Challenge Fund delivery and therefore in the event of your application being successful Energy Saving Trust will also require you to monitor and report on all match funding throughout the lifetime for the project.

ERDF is intended to be the funding of last resort. Therefore, should there be sufficient funds available through both an applicant's own match funding contribution and that available from the Transport Scotland match funds, both these sources will be used in the first instance to offset the need to draw down on available ERDF funds. In case of underspend, ERDF award will be reduced, but match funding committed at application stage and confirmed by February 2020 must be made available to the project in full.

5 What is ineligible?

Ineligible costs include:

- Accounting costs, preparation etc. of annual accounts, year-end auditing
- Bank charges on accounts
- Costs of guarantees provided by a bank or other financial institution
- Financial charges
- Debit interest, charges for financial transactions, foreign exchange commissions and losses, and other purely financial expenses are not eligible for co-financing by the Structural Funds
- Loan charges – the nature and amounts of any loan charges included in the overall project costs should be brought to the attention of the MA
- Service charges – arising on leases and hire purchase arrangements
- Costs resulting from the deferral of payments to creditors
- Costs involved in winding up a company
- Bad debts
- Fines, financial penalties and expenses of litigation
- Legal fees for advice, notary fees and the costs of technical or financial expertise

Some other specific examples:

Retail/café space, because this is likely to be used for commercial/business purposes and as the operator of the space will be engaged in an economic activity in order to make profits. This is not allowed under the State Aid and European Structural and Investment Funds (ESIF) Regulations and Guidance. Retail/café space is not precluded from the wider project where other funding sources are used, providing these activities do not displace existing activities.

Any costs (capital or other) that are exclusive to enabling export of surplus electricity generated at a hub to the National Grid or assets not associated with the Project (e.g. local buildings) are considered ineligible costs.

Purchase of bikes, including electric bikes, may be eligible for support, if these are directly related to / integral to the overall project and form part of the initial 'fit out' of eligible premises for example establishing a bike library. Purchase of vehicles, for example cars to set up car clubs, will not be eligible. Ongoing repair and maintenance of the stock would not be eligible activity.

For further information on ineligible costs, please refer to section 5 of the [National Rules](#).

6 Compliance – what you need to know

6.1. Procurement

Procurement of works, materials and/or services is eligible. This is addressed in section 1.8. of the [National Rules](#). Applicants should pay particular regard to complying with the thresholds for publishing invitations to tender in the Official Journal of the EU and (Scottish) national procurement rules. Please note that all contracts support by ERDF should be subject to a sufficient degree of advertising and must be advertised appropriately with regards to their nature and value. Contracts must either be competitively tendered or procured in line with an organisation's standing orders and/or procurement policy to ensure value for money. Use of single source awards must have prior approval by the Managing Authority. Please refer to the following website for further guidance: www.gov.scot/Topics/Government/Procurement

Applicants should be aware that if their application is successful they will need to ensure evidence to support an audit trail showing compliance with the procurement policy requirements in the National Rules. Any materials relating to procurement by applicants for elements of their ERDF application should also be retained in line with the document retention procedures required for ERDF funding and made available to Energy Saving Trust as requested.

You are strongly advised not to commit to any expenditure on which grant aid may be sought, until **after** a decision has been made on your application. If an offer letter is sent to you, you should sign and return it **before** incurring costs. We will **not** give grant funding to cover costs incurred before an offer letter has been signed.

6.2. Document retention

All applicants who are successful in being awarded funding from LCTT Challenge Fund must comply with the associated [document retention requirements of the ERDF 2014-2020 programme](#).

Applicants should also note that it will be a requirement of LCTT Challenge Fund terms and conditions that all documentation relating to the promotion and publicity of the projects must be retained as per the [ESIF Programme Document Retention Guidance](#) for purposes of audit. This will include any documents relating to recruitment, finance, monitoring and evaluation and publicity merchandise. Applicants should be aware that a failure to be able to provide documentary evidence as required for audit may result in LCTT Challenge Fund funding needing to be repaid.

Please note that ERDF funding awarded to Transport Scotland is covered by the HM Treasury guarantee and so are grants awarded under the LCTT Challenge Fund. The administrative processes, eligibility rules, compliance, reporting and monitoring and evaluation requirements will however continue to apply for the whole lifetime of the project

as indicated in LCTT Challenge Fund guidance and other associated documents. Document retention requirements will therefore not stop if the UK leaves the EU before the end of the retention periods.

Applicants should be aware of the requirements to retain all relevant documentation required for ERDF audit purposes as set out on page 3 of the ERDF 2014-2020 programme Document Retention Guidance as specified by the managing authority for ERDF within Scottish Government once the project has been approved. However, applicants should recognise that this will be longer than the period to completion of the project and successful applicants will be advised on the actual period at the relevant stage.

Please note: the requirements discussed in this and the preceding questions are not a comprehensive listing of the requirements and applicants should make themselves aware of other requirements in relation to the use of ERDF funding and any requirements this will generate for the delivery of their project.

6.3. Publicity

All projects will be encouraged to increase awareness of their hubs to promote sustainable travel and transport and encourage full use of the installed hub resources in their local area, and these plans should be reflected in applications. This may be through local press articles, social media, open days, educational links with schools and colleges, workplace events, training courses etc.

As part of their planning of these publicity activities, applicants should note that any external references or publicity to their project must comply with [ESIF publicity requirements](#) which sets out the minimum requirements that applicants must adhere to including that ERDF should be given equal prominence to any other logos in promotional activities. Further information and useful publicity material is available [here](#). Projects are expected to give recognition to the provision of the grant by ERDF through Transport Scotland.

6.4. Sustainability rule

ERDF funding is available to support successful projects until September 2022. Beyond this period, there is an ERDF requirement that projects will run for at least 5 years following completion of the project.

6.5. Compliance audit and ERDF requirements

Applicants should be aware that Energy Saving Trust will manage a process of audit, compliance and monitoring processes to ensure the projects are fulfilling their original aims and objectives and progress is in line with their project plans and that work is completed in compliance with LCTT Challenge Fund requirements and the ERDF 2014-

2020 Programme. Transport Scotland and representatives from Scottish Government Managing Authority will also have the right and opportunity to undertake audits on the lead applicant's project as required. In order to assist with meeting these requirements it is important that applicants have a compliance and audit plan in place which will allow them to plan and resource requirements to meet the compliance standards needed.

The plan should cover aspects of the project such as:

- Good governance.
- Monitor, report and audit financial information.
- Maintenance of financial records and managing financial performance including a separate accounting system or an adequate accounting code for all project transactions.
- Verify actual expenditure i.e. flat rate or actual cost models.
- Change control procedures.
- Risk identification and management.
- Communication and engagement plan.
- Reporting and forecasting.
- Establish reliable systems for the retention and retrieval of all appropriate documentation, for the auditable life of the operation

Please note: The requirements discussed in this section and preceding information is not a comprehensive list of the requirements and applicants should make themselves aware of other requirements in relation to the use of ERDF funding and any requirements this will generate for the delivery of their project.

Further guidance and examples of compliance management plans will be available from Energy Saving Trust.

6.6. Reporting requirements

If your application is successful and you are awarded funding, you will be required to maintain regular communication with your LCTT Challenge Fund contact at the Energy Saving Trust.

Successful applicants will be expected to undertake their own project monitoring with the support of the Energy Saving Trust and will be expected to provide reports on their project's progress.

The reporting requirements will need to be in line with the overall programme reporting framework which will be established by the Energy Saving Trust prior to award and will include the necessity for all applicants to provide an outline of the proposed reporting hierarchy and the anticipated frequency of reporting to Energy Saving Trust. This framework should specify the requirements for demonstrating, compliance with the requirements of ERDF funding:

- As a minimum, Energy Saving Trust will require successful projects to provide monthly and quarterly reports, including financial estimates and status reports and that these will need to contain the information required to demonstrate ESIF National Rules compliance’.
- Progress towards achieving the outputs required for each project to enable Energy Saving Trust to collate overall monitoring data for the programme.
- The principles of reporting hierarchy and the anticipated frequency of reporting within this structure ([Roles and Responsibilities Guidance](#) under Delivery Agent refers and the [Strategic Intervention Application Guidance](#) under part 6 Management Structure refers).
- European Structural Investment Funds; National Rules on Eligibility of Expenditure. ‘Applicants should satisfy themselves that they are aware of any reporting requirements in the ERDF Guidance on [Operation Application Guidance](#) which is applicable to all involved under the ERDF 2014-2020 programme including applicants to the LCTT Challenge Fund. Please refer to the section titled Financial Compliance of the Operation Application Guidance for more information.

7 Policy context of the LCTT Challenge Fund

7.1. The national policy framework

National Transport Strategy (NTS)

The Scottish Government’s overarching ‘*Purpose*’ is focussed upon ‘*creating a more successful country with opportunities for all to flourish, through increasing sustainable economic growth*’. The NTS (updated by the refresh published in January 2016 and currently subject to review) contributes to this, establishing a vision of: ‘*An accessible Scotland with safe, integrated and reliable transport that supports economic growth, provides opportunities for all and is easy to use; a transport system that meets everyone’s needs, respects our environment and contributes to health; services recognised internationally for quality, technology and innovation, and for effective and well-maintained networks; a culture where transport providers and planners respond to changing needs of businesses, communities and users, and where one ticket will get you anywhere*’.

Linked to five high level objectives, the NTS sets out three strategic outcomes which are to:

- ‘*Improve journey times and connections, to tackle congestion and lack of integration and connections in transport which impact on our high level objectives for economic growth, social inclusion, integration and safety*’.
- ‘*Reduce emissions to tackle the issues of climate change, air quality and health improvement, which impact on our high level objective for protecting the environment and improving health*’.

- *‘Improve quality, accessibility and affordability, to give people a choice of public transport, where availability means better quality transport services and value for money or an alternative to the car.’*

The NTS also emphasises the importance of the Sustainable Travel Hierarchy in placemaking and reduction of emissions. The hierarchy promotes walking, cycling, public transport and bike, car or ride sharing in preference to single occupancy car use. It supports modal shift, encouraging walking and cycling for shorter journeys combined with available public and shared transport options for longer journeys.

A review of the NTS is nearing completion. The review aimed to set out an updated vision for the transport system in Scotland, looking at the main challenges and opportunities over the next 20 years. Building from discussions with key stakeholders and delivery partners, a consultation on the draft of National Transport Strategy 2 (NTS2) takes place over the summer of 2019, inviting views in advance of final publication.

Climate Change

Shifting towards more sustainable low carbon and low emission forms of travel and transport, including active travel and adoption of ultra-low emission vehicles is central to a number of other national plans, policies and strategies. The *Climate Change Plan* published in February 2018, envisages significant decarbonisation of transport, with emissions reducing by 37% over the lifetime of the Plan (2018 – 2032). The Climate Change (Scotland) Bill is progressing through Parliament and is expected to establish new, more ambitious targets.

As well as highlighting the on-going need to invest in infrastructure and behaviour change initiatives to support active travel and encourage modal shift, the *Climate Change Plan* also sets out the actions to further enhance Scotland’s electric vehicle charging network as well as continuing to investigate the role that alternative fuels such as hydrogen, gas and biofuels can play in the transition to a decarbonised road transport sector. The draft *Scottish Energy Strategy: The future of energy in Scotland* (published December 2017) also reflects the *Climate Change Plan* actions around investing in active travel and low carbon transportation. Similarly, *Cleaner Air for Scotland – The Road to a Healthier Future* also establishes a range of strategies and actions intended to address Scotland’s statutory emissions reduction targets and air quality, recognising the importance that active travel and low emission road transportation can make. Low Emission Zones (LEZs) are part of the range of actions to make the transport system cleaner, greener and healthier and to improve air quality. The Scottish Government is working closely with local authorities to put in place LEZs in Scotland’s four largest cities by 2020.

Active Travel

The *Long-Term Vision for Active Travel in Scotland 2030* recognises the important contribution that active travel makes towards: better health and safer travel for all;

reducing inequalities; cutting carbon emissions and other pollution; delivering liveable, more pleasant communities; and supporting delivery of sustainable economic growth. Its vision is that in: *‘Scotland many more people are walking and cycling for everyday, shorter journeys and that active travel is seen as the norm, regardless of gender, ethnicity, age or background’*. In addition, the *Cycling Action Plan for Scotland (2017-2020)* states that: *‘by 2020 10% of everyday journeys taken in Scotland will be by bike’*. *Let’s Get Scotland Walking - National Walking Strategy (2014)* and the associated Action Plan revised in March 2019, also sets out the vision that: *‘everyone benefits from walking as part of their everyday journeys, enjoys walking in the outdoors and where places are well designed to encourage walking’*.

Low Carbon Vehicles

Switched on Scotland: A Roadmap for widespread adoption of plug-in vehicles’, launched in 2013, sets out the actions to support the Scottish Government’s vision that: *‘by 2050 Scottish towns, cities and communities will be free from the damaging emissions of petrol and diesel fuelled vehicles’*. Recently, *Switched on Scotland Phase Two: An Action Plan for Growth* was published that established a ten point action plan to implement the second phase of the *Switched on Scotland Roadmap*. As well as continuing to expand the ChargePlace Scotland network of electric vehicle charge points, one of the actions focusses on developing innovative electric vehicle charging hubs across Scotland. It recognises the potential of hubs to enhance ‘user experience’ and to support a variety of different modes of travel and transport from walking and cycling to electric bicycles, cars, taxis and buses and hydrogen vehicles.

7.2. A Nation with Ambition – The Government’s Programme for Scotland 2017-18

Following the publication of the Scottish Government’s Programme for Scotland 2017-18 the transition towards the adoption of ULEVs and investment in active travel has been accelerated. Scotland will take the lead in promoting the use of ULEVs and phasing out the need for new petrol and diesel cars and vans by 2032. Low carbon transport hubs will play an important part in the Scottish Government’s commitment to expand electric charging infrastructure between now and 2022, whether in rural, urban or domestic settings. Active travel hubs will be instrumental in increasing the numbers of people who are regularly walking, cycling and using public transport for their everyday journeys and supporting modal shift. They will support wider measures being taken to make our towns and cities friendlier and safer spaces for pedestrians and cyclists. They will also directly contribute towards making Scotland a healthier and more active nation.

7.3. The LCTT Programme and Challenge Fund

The ERDF LCTT Programme addresses the ERDF 2014-2020 Thematic Objective 04: *‘Supporting the shift towards a low carbon economy in all sectors’* and Investment Priority

4e: *'promoting low carbon strategies for all types of territories in particular urban areas including the promotion of multimodal urban mobility and mitigation adaption measures'*.

The LCTT Challenge Fund has been designed to support the above objective and the low carbon transport and active travel policy outcomes described in section 7.1; by providing funding for the construction of active travel and/or low carbon transport hubs and associated path networks across Scotland.

In addition to enabling everyday functional journeys to be taken by walking and cycling and providing alternative refuelling and recharging facilities to support an increased proportion of ULEVs, on Scotland's roads, the LCTT Challenge Fund is intended to address wider themes; recognising the potential that active travel and/or low carbon transport hubs have in supporting sustainable economic growth, social inclusion and health as well as improving the safety of journeys and integration and connectivity the public transport system.

Hubs might for example, target those who use cars for short journeys, those who are at risk of health issues due to lack of physical activity and those who are excluded from employment opportunities in areas which lack adequate transport links.

8 What is a 'hub'?

Through the LCTT Challenge Fund whole programme, Transport Scotland has committed to delivering a minimum of 27 hubs (7 in Highland and Islands and 20 in Lowlands and Uplands regions of Scotland). The LCTT Challenge Fund will support the delivery of two types of hub or an integrated approach to both:

- **Active Travel Hubs** will provide focal points for cycling and walking routes. The specifics of each Hub will be tailored to the location and based upon need but will typically include bike hire/library initiatives, safe and secure facilities for personal bikes, bike repair/maintenance facilities, improved links to public transport, local path networks, travel information and associated outreach activity.
- **Low Carbon Transport Hubs** will provide refuelling facilities for a range of alternative fuels and transport modes. Typically the composition of these may include a mixture of low carbon vehicle refuelling infrastructure, such as electric vehicle charging points², hydrogen refuelling stations and gas refuelling facilities or alternatively a single fuel type. The aspiration being that the ERDF LCTT

² Successful applicants to the LCTT Challenge Fund, who plan to include electric vehicle charge points as part of their hub projects are encouraged to ensure that these charge points become part of the national ChargePlace Scotland Network of electric vehicle charge points. Further information on the ChargePlace Scotland Network is provided in the LCTT Programme Frequently Asked Questions.

programme will enable the development of a Scotland-wide network of low carbon transport hubs.

- **Integrated Active Travel and Low Carbon Transport Hubs** will combine elements of both active travel and low carbon transport infrastructure as described above.

There is no 'fixed' definition of how a hub or hubs should be structured and arranged as their nature will need to be determined by local and regional circumstances.

Where opportunities exist, for example, projects are encouraged to locate hubs to support 'point to point' journeys, enhancing, for example, mode shift and connectivity with public transport. Furthermore, hubs don't necessarily need to be based at a single location although it will be essential that they complement existing infrastructure and for them to be situated at convenient, safe and accessible sites.

Hubs may be located, for example:

- At park and ride facilities and/or locations in proximity to trunk road networks/national walking and cycling routes that may facilitate local, regional and national journeys;
- In areas which address rural and other geographical travel and transport challenges;
- Within town centres;
- Close to tenement buildings/flats (e.g. where on-street electric vehicle charging may be problematic);
- In areas that address local air quality and transport congestion problems;
- In areas that address socio-economic disadvantage and inequality;
- Close to public transport facilities – ferry terminals, bus and rail stations;
- At major employment and education centres - schools, colleges, universities;
- At sites where facilities may already exist and where expansion of these will support increased demand and uptake;
- At health and leisure centres; and
- At public sector buildings that are amenable for general public use (e.g. hospitals, local authority car parks/buildings).

Hubs should be socially inclusive and address the wide and varied needs of potential users; accounting for personal circumstances of individuals including mixed mobility needs, thus supporting the Vision for Accessible Travel in Scotland³. In addition, in terms

³ Going Further. Scotland's Accessible Travel Framework 2016

of low carbon transport hubs, use of renewable solutions to support energy production/energy storage are encouraged.

For all projects supported through the LCTT Challenge Fund, hubs should be as accessible to as wide a population as possible. Recognising not only the potential for general members of the public to benefit from their use, but also a wide range of public and private sector organisations (e.g. in the case of low carbon transport hubs), hubs should therefore be developed with this principle in mind and available to all appropriate users (and not restricted, for example, to single fleets).

Round 3 will include support for impact evaluation and future development planning, as related to an ERDF capital project, as an eligible activity. Costs associated with projects undertaking local or regional development planning to ensure capital investment in a Hub supports and contributes to future development and investment, in particular as related to low carbon elements, will be considered as an eligible cost.

This evaluation activity should be linked to the ERDF funded hub and demonstrate clear value in terms of helping Local Authorities to plan and programme future investment, ensuring it compliments and/or enhances the ERDF funded facilities and maximises the impact of ERDF investment, providing a legacy beyond the end of the LCTT programme period.

9 What is a 'path'?

Under Round 3, as well as accepting applications for hubs in conjunction with associated paths networks, 'path-only' applications will also be considered. These must demonstrate that the proposed works are of sufficient scale and strategic importance, supporting everyday, functional trips.

Transport Scotland has committed to delivering 100km of associated path network through the ERDF 2014-2020 programme, as a complement to the hubs.

Proposals for paths should relate to the national vision for an effective, sustainable and active travel network across Scotland. At local level, this will see continuity of routes and linking of key destinations, encourage people to travel safely on foot or by bicycle within and between settlements and ensure that services, including public transport, as well as main trip attractors and generators are accessible by active travel means.

For the purposes of the fund, a broad set of parameters has been agreed to allow for local flexibility. In summary;

- a broad definition of 'path' or route is acceptable.
- the ERDF investment can support proposals which will create new, open-up, upgrade or re-imagine paths which will increase active travel opportunities and public transport usage.

- the fund cannot support proposals for work which would be regarded to be within statutory responsibilities or general maintenance undertakings.
- proposals which make paths safer, more secure, more accessible, sustainable, visible and a more attractive, interesting option to improve connectivity across an area.
- the path might be physically connected to any proposed Hub/s or it may contribute to a wider package of 'behaviour change' measures being promoted via the Hub model.
- Projects should build on key assets in an area by addressing any gaps in current active travel networks – for example, between key local community, employment, health or education services and venues, key transport interchanges and park and ride sites.

There is no minimum or maximum length set per Challenge Fund application. And if not proposing new path, applicants may make a case that their project will raise the awareness and visibility of hitherto ignored, neglected or underused path networks and by doing so, will open up and increase regular users of an existing route.

A separate note providing more details on path proposals and expectations in relation to the ERDF investment, is available on [the Energy Saving Trust website](#).

10 What information is required?

This part of the Guidance for Applicants provides further information, specifically on the criteria as they appear in the LCTT Challenge Fund Application Form. Applicants should take this information into account when forming their responses.

10.1 Project impact criteria

10.1.1 Project Rationale

Applications must directly align with the strategic aims of the LCTT programme which are to:

- Increase the number of journeys made by public transport, active travel and low carbon vehicles;
- Support Active Travel Hubs (facilities and routes to support cycling, walking and public transport use as an alternative to the car);
- Provide low carbon transport hubs and reliable low carbon refuelling services at strategic sites.

10.1.2 Strategic Fit

You should demonstrate which relevant national, regional and local plans and strategies have been considered. LCTT Challenge Fund bids must be set in the context of and as

a complement to, existing active travel and low carbon transport initiatives proposed or underway. Applicants should also demonstrate links with relevant wider plans and priorities.

Applicants are asked to address this in two parts:

1. *LCTT Programme Plans*

Applicants are required to demonstrate how their project proposals⁴ contribute towards key active travel and/or low carbon transport outcomes in an area.

For example, the Cycling Action Plan for Scotland (CAPS) encourages the development of active travel/cycling strategies and for them to be adopted by all Scottish local authorities. In making a case for active travel measures, you should therefore consult with/refer to the priorities as set out in your local authority or regional transport partnership active travel or cycling strategies and confirm how your project proposal fits with these.

Alternatively, for example, local authorities have responsibility for action plans to address local Air Quality Management Areas; where low carbon vehicles and associated refuelling/recharging infrastructure may be identified as an enabler to tackle the issues. This might also be part of wider strategy of a local authority or regional transport partnership or community planning partnership to address particular transport issues, as for example supporting the implementation of LEZs. In considering the proposals for low carbon transport measures, applicants should demonstrate how these fit with the existing infrastructure provision in an area and justify the scale and type of refuelling/recharging infrastructure proposed.

2. *Wider Plans*

Applicants are required to demonstrate/describe how their project proposals can help to deliver against wider local plans and priorities. The list is not exhaustive, however project proposals may support the delivery of a number of local priorities around, for example;

- place-making;
- local economic development;
- regeneration;
- social inclusion;
- employability;
- environment;
- health; and
- physical activity.

⁴ Project proposals = can be taken to mean proposals for hub, path or both.

10.1.3 Partnership Working

This will expand on the administrative details at item 5.3 in the Application Form. It is envisaged that lead applicants will work in conjunction with partners in order to develop, deliver and sustain projects. Applicants need to describe any partnerships in place for the delivery of the project. They will be asked to detail any partners, their roles and funding contribution. Lead applicants will be responsible for the project partner and ensuring the organisation complies with the ERDF regulations and National Rules, particularly the procurement process. Lead applicants and partners should as a minimum have a service level agreement in place. Evidence of this will be requested.

If successful, applicants will be asked to provide evidence of partnership commitment, including for example, any letters of support.

10.1.4 Community engagement

In order to encourage more people to make journeys by public transport, active travel and/or to support uptake of low carbon vehicles, it is important to understand the perceived barriers to these and how these will be addressed through the project. The expectation is that applicants will engage with and involve local communities in planning and developing the project proposal. This may include, for example, local residents, members of the public, fleet managers, other public sector organisations, transport operators and local businesses.

Applicants will therefore be asked to detail how local communities have been involved in deciding on the project to be delivered, how it will meet their aspirations and how they will benefit from the outcomes. Community engagement will be expected to be on-going throughout the project.

10.2 ERDF Programme requirements

10.2.1 ERDF Horizontal themes

The three ERDF Horizontal Themes: **Sustainable development, Equal opportunities and non-discrimination** and **Equality between men and women** are at the centre of EU, UK and Scottish Government policy priorities. It is important for applicants to demonstrate that 'horizontal themes' have been considered and integrated into projects supported through the LCTT Challenge Fund.

Applicants are expected to describe how one or more of the horizontal themes contributes to their projects. These will also be an essential part of the Monitoring and Evaluation activities of projects that are funded.

In addition to contributing to reductions in greenhouse gas emissions, improvements in local air quality and reductions in congestion, projects may also contribute to a wide number of areas relevant to the horizontal themes. These may, for example: empower local communities (both in urban and rural settings) to make greener transport choices as well as linking local transport to small-scale renewables; support innovation in the low carbon vehicle and fuels sector; and stimulate local economic development; encourage local supply chains for alternative fuel production, distribution and consumption.

Similarly, projects might, for example: target groups who use cars for short journeys or are at risk of health issues due to lack of physical activity and/or those who are excluded from employment opportunities in areas lacking adequate transport links. Moreover, projects might also seek to provide safe and affordable means of travel to help remove barriers to social participation by targeting, for example, active travel interventions in socially deprived communities and/or towards specific groups of the population.

Applications should not only consider what Sustainable development, Equal opportunities and non-discrimination and Equality between men and women policies, procedures and resources will be in place but also explain how these will make a positive difference.

Further information and guidance on each of the horizontal themes is available on the [ESF and ERDF programmes 2014-2020: horizontal themes guidance](#) document.

Sustainable Development

Sustainable Development is described by the European Commission as “specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management”⁵. It is one of the Horizontal Themes to ensure that the programmes are delivered “in line with the principle of sustainable development and with the Union's promotion of the aim of preserving, protecting and improving the quality of the environment”⁶ and all Strategic Interventions and Operations across ESF and ERDF activity are expected to contribute towards this goal.

The Scottish programmes are committed to delivering actions towards this across the programmes, in particular through:

- ERDF Thematic Objective 4: Supporting the shift towards a low-carbon economy in all sectors
- ERDF Thematic Objective 6: Preserving and protecting the environment and promoting resource efficiency

In addition to the focused Strategic Interventions and Operations within these areas of the programme, all Strategic Interventions and Operations should consider the impact the action will have in contributing to sustainable development. At application stage, applicants should consider the impact which the operation may have on environmental

⁵ Regulation (EU) No 1303/2013 – Article 8.

⁶ Regulation (EU) No 1303/2013 – Article 8.

protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, and identify potential mitigating actions which will be undertaken during the delivery of the operation. Within some activity, and in particular in the ESF programme, it is acknowledged that Sustainable Development may not be directly applicable in the same way as for projects which involve capital expenditure. In these cases, it is reasonable to demonstrate how sustainable development is integrated in the Strategic Interventions and Operations in other ways, such as to:

- Promote environmental awareness and good practice in the implementation of activity;
- Integrate sustainable development into Strategic Interventions and Operations undertaking awareness raising education and training programmes;
- Support participating employers to adopt or improve Environmental Sustainability Strategies;
- Promote social justice and equality of opportunity; and
- Recognise and promote health and wellbeing as one of the corner stones of a healthy, vibrant economy.

Equal Opportunities and Non-Discrimination

The principles of Equal Opportunities and Non-Discrimination are outlined in the Common Provisions Regulation, which requires that programmes “shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes. In particular, accessibility for persons with disabilities shall be taken into account throughout the preparation and implementation of programmes”⁷.

All Strategic Interventions and Operations seeking funding through the Scottish ESF and ERDF programmes should demonstrate that they have considered the impact of the supported activities on the groups within society which are outlined in the regulation and ensure that the operation application includes a description of specific actions which intends to take to actively prevent discrimination.

Alongside this, applicants should consult Scottish Government guidance, policies and news on equalities: <https://beta.gov.scot/equality-and-rights/>.

To do this, applicants should ensure that the operation is designed to take account of the needs of the various target groups at risk of such discrimination and in particular the requirements for ensuring accessibility for persons with disabilities.

Where Strategic Interventions and Operations are not targeted to support individuals directly, applicants should still consider the impact the operation will have on the relevant sectors. For example, this might include:

⁷ Regulation (EU) No 1303/2013 – Article 7.

- Ensure access to applications for funding are available and accessible to all, particularly for people in rural areas, older people, disabled people
- Encourage entrepreneurship and business start-up initiatives to encourage more take up from young people, women, minority ethnic, disabled people and LGBTI people
- Ensure access to technology is available and accessible to all, particularly for people in rural areas, older people, disabled and others affected by the 'digital divide'

Equality Between Men and Women

The principle of Equality Between Men and Women is outlined in the Commons Provisions regulation, which requires that programmes “shall ensure that equality between men and women and the integration of gender perspective are taken into account and promoted throughout the preparation and implementation of programmes, including in relation to monitoring, reporting and evaluation”⁸.

All Strategic Interventions and Operations seeking funding through the Scottish ESF and ERDF programmes should demonstrate that they have considered the contribution of the supported activities to the promotion of equality between men and women and ensure that the operation application includes a description of specific actions which intends to take to actively support equality.

Alongside this, applicants should consult Scottish Government guidance, policies and news on gender equality: <https://beta.gov.scot/policies/gender-equality/>.

Where Strategic Interventions and Operations are not targeted to support individuals directly, applicants should still consider the impact the operation will have on equality between men and women. For example, this might include:

- Encourage entrepreneurship and business start-up initiatives to encourage more take up from women
- Support the creation of an environment which supports inclusive work places, which promotes equality of opportunity for staff, including the reconciliation of work and private life
- Improving women’s representation in science, technology, engineering and mathematics (STEM)

10.2.2 Additionality

‘Additionality’ is one of the principles driving the workings of the European Structural and Investment Funds. For ERDF LCTT Challenge Fund applicants, this can be taken to mean proposals for ‘new or additional activity’. Proposals must demonstrate ‘added

⁸ Regulation (EU) No 1303/2013 – Article 7.

value', i.e. that their project would not be able to go ahead, or only in a reduced form, without the requested ERDF support.

Applicants will also be asked to provide information which demonstrates that the proposal will bring added value and can only go ahead, or go ahead on a bigger or more ambitious scale, with ERDF investment.

The above principles will also apply in terms of the need to access Transport Scotland funding to support a project.

10.2.3 Deliverability

Under the ERDF 2014-2020 programme and the timescales set by the Scottish Government, there is a requirement that successful applicants will be able to spend ERDF grant by September 2022. Applicants will be asked to demonstrate how the project can be practically delivered within these timescales.

Applicants are asked to demonstrate that you will be ready and able to deliver within the ERDF 2014-2020 timeframe and that all ERDF grant will be defrayed within three months after project completion. For purposes of clarity, defray in this context means that costs have not only been incurred but that the money to pay for those costs has left the applicants' bank account in order to pay for the incurred costs.

Please set out details against following areas:

- All necessary planning consents will be in place
- All necessary building consents will be in place
- All necessary requirements for electricity grid connections/upgrades will be in place
- Ownership and lease agreements etc.
- Whether there are any site constraints (including wireless communications/ electricity grid connection/renewable energy generation) or ownership issues
- Clarify any other relevant discussions, timescales and agreements that need to be reached in order to secure a successful project
- Health and safety standards will be adhered to.

10.2.4 Sustainability of your project

ERDF funding is available to support successful projects until September 2022. For the purposes of the ERDF LCTT Challenge Fund, applicants will be able to use grant to undertake outreach activity, marketing and promotion, community engagement and evaluation within this timeframe.

Beyond this period, there is an ERDF requirement that projects will continue to operate in line with the approved purpose for at least 5 years from the final payment being received.

It is therefore important that applicants have appropriate strategies in place to identify how they will sustain their project. These should cover resourcing, maintenance as well as options to ensure its continued funding and development.

Applicants will also be asked to detail their approach to outreach and engagement, and longer term plans to keep their partnerships and community engaged with the project.

Applicants must note that they must adhere to the National Rules on Eligibility of Expenditure in particular Section 1.16 – Article 71 Durability of Operations and notify Energy Saving Trust and Transport Scotland of the possibility of sale or disposal of the project site within the funding period and beyond as specified above.

11 Finance

It is essential that all project costs are checked against the [National Rules](#) to ensure the proposed expenditure is completely eligible and that the appropriate Cost Option is used i.e. Flat Rate and Actual Cost - Procurement (see section 4.2).

In the application form you will need to detail the total amount of eligible project costs and then split this by description and value into whether the cost is Flat Rate or an Actual Cost.

In addition, you must advise if your project intends to generate income/revenue.

Preparatory work can be considered as eligible costs as long as it falls under section 4.1.2 of the [National Rules on eligibility of expenditure](#) on Pre-Contract and Contract Implementation Costs. For pre-contract works that meet the criteria under section 4.1.2 to be considered, they must be ERDF compliant, they must be included in the project application and they must be accompanied with the appropriate evidence. The start date of the programme is 1 January 2014. Feasibility studies are not eligible under this rule.

11.1 Revenue Generation

ERDF capital projects have the potential to generate net revenue following completion, for example through the charging of rent.

EU Regulation 1303/2013⁹, Article 61, states that Income/revenue projections may be required and an adjustment made to the overall ERDF award to account for this. Note the threshold where this applies is only if the total eligible cost of the project is €1m.

In the event that the Operation undertaken by the Grantee generates net revenue (meaning cash in-flows directly paid by users for the goods or services provided by the Project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period) within three years following project completion or by the Programme closure deadline, the Grantee is required to report the amount of any net revenue generated to Transport Scotland who will confirm values to Scottish Government Managing Authority and the total value of the Grant may be commensurately reduced and any overpayment of Grant recovered from the Grantee.

12 State Aid

Applicants to the LCTT Challenge Fund will have the responsibility of ensuring that their project adheres to State Aid rules and applications will be assessed by Transport Scotland/Energy Saving Trust on a case by case basis. Public, third and community sector organisations are not exempt from EU State Aid rules even if they are not-for-profit. There are four key tests which need to be considered to establish whether a project constitutes State Aid with further information and guidance available on these in the [ESIF State Aid Guidance](#) and in the [ESIF State Aid Rules](#).

If your project or elements of it are assessed to involve State Aid then cover may be available through the [EU General Block Exemption Regulation](#) (GBER). Under GBER specific Articles allows public funding to be provided for specified eligible costs, activities and aid intensities; for the LCTT Challenge Fund further information on the Articles are [available](#).

Contact the Energy Saving Trust if you have any queries in relation to State Aid aspects of your project.

13 Monitoring and evaluation

ERDF funding requires all successful applicants to monitor and evaluate their project in terms of the outputs and outcomes that it is intended to deliver. It is important that applications and ultimately funded projects address the following areas:

- The baseline data to be used (or how and when baseline data will be gathered) and whether this will rely upon surveys, national data or any previous research;

⁹ ERDF capital projects have the potential to generate net revenue following completion, for example through the charging of rent. See Article 61 of the Council

- The desired outcomes of the project including influence on behaviours and attitudes;
- What the outputs of the project will be;
- How you plan to monitor and evaluate success in the medium to longer term;
- What target population(s) this will relate to and impact upon;
- How horizontal themes will be taken into account;
- What data will be used to track impact against desired outcomes;
- When will outcomes be measured;
- What processes and systems will be in place to ensure that all reported outcomes are accurate and evidenced appropriately;
- What systems will be in place to ensure retention of appropriate documentation.
- Who will be responsible for these activities.

Please note that if successful, at the funding award stage applicants will be required to complete a detailed Monitoring and Evaluation Framework for the project. A template will be provided by the Energy Saving Trust and it will need to be completed prior to commencement of the project.

14 Application timeline

Table 1: Indicative timeline

Date	Milestone
July 2019	Launch of applications
July – October 2019	Applications develop <ul style="list-style-type: none"> • Applicants develop project proposals and applications • Applicant secures required match funding • Energy Saving Trust and Transport Scotland support through workshops, webinars and advice
25 October 2019	Application deadline
October 2019 – January 2020	Appraisal process <ul style="list-style-type: none"> • Basic eligibility checks carried out • Scoring completed • Applications submitted to assessment panel.
March/April 2020	Awards <ul style="list-style-type: none"> • Applicant rejected or awarded funding (mid-March) • Further conditions accepted and/or due diligence completed if required (end March 2020) • Project proceeds (April to May 2020 depending on diligence requirements)

Date	Milestone
April 2020 – September 2022	Projects delivered <ul style="list-style-type: none"> • Funded projects deliver their project plans • Energy Saving Trust supports, monitors progress • Projects complete (September 2022) • Hubs are available for use by the public • All ERDF grant payments to be claimed

Please note: Final dates for the panel meeting and funding awards are indicative subject to volume of applications, panel constraints, and satisfactory results from the completion of due diligence processes.

15 How to apply and who to contact

An Expression of Interest form (available on the [Energy Saving Trust website](#)) must be submitted to LCTT@est.org.uk to receive an application form.

Applications must be completed, with the support of the Energy Saving Trust, on the application form (available upon request to Energy Saving Trust LCTT@est.org.uk). We will not consider applications submitted in any other format.

Please ensure that you follow the guidance at the front of the application form regarding formatting and number of words per section. When doing so, please refer back to this guidance document where necessary, and ensure that you have complied with all the scheme requirements.

All completed application forms and required attachments must be submitted electronically to LCTT@est.org.uk by 4 pm, 25 October 2019. A signed original should be posted to:

The Low Carbon Travel and Transport Team
 Energy Saving Trust
 Ocean Point 1
 94 Ocean Drive
 Edinburgh
 EH6 6JH

16 The assessment process

Broadly, it is anticipated that all applications will be subject to a three-stage assessment process comprising:

Stage 1. Initial sift to ensure eligibility conditions are satisfied

This will consider type of organisation, eligible costs, match eligibility, financial viability and total project cost. As part of this stage, there will be a short designated window (estimated to be two weeks) when Energy Saving Trust will seek clarification or any omission from applicants.

Stage 2. Scoring of all applications against the criteria

Bids that satisfy eligibility criteria, including project rationale, strategic fit, partnership working, community engagement, additionality, deliverability, sustainability, ERDF horizontal themes, match funding will proceed to be scored and ranked against the criteria set out in these sections. Scores will be used to produce a ranking of applications and this will help to inform the next stage of the process.

Stage 3. Consideration by an Independent Assessment Panel

Transport Scotland and Energy Saving Trust will be inviting representatives from a range of relevant sectors and backgrounds to take part in an assessment panel. This panel will consider the scoring information on ranked bids balanced against priorities for the LCTT Challenge Fund, including geographic requirements. Final decision will be taken by the independent assessment panel.

A paper setting out further details of the assessment process and Independent Assessment Panel will be published on the [Energy Saving Trust website](#).

17 Fund administration requirements

17.1 Grant payments

Under the ERDF 2014-2020 programme and the timescales set by the Scottish Government, there is a requirement for successful applicants to demonstrate that all eligible project costs for which they seek to claim funding have been incurred by September 2022 (project completion deadline) and defrayed by 31 December 2022. (For purposes of clarity, defray in this context means that costs have not only been incurred but that the money to pay for those costs has left the applicants' bank account in order to pay for the incurred costs). Applicants will be asked to demonstrate how the project can be practically delivered within these timescales.

Successful applicants will be responsible for:

- Monitoring, reporting and auditing financial information on project related costs to the Energy Saving Trust.
- Verifying actual expenditure i.e. Flat rate and Actual Cost models.
- Establishing systems for the retention of all appropriate documentation to evidence expenditure, all outcomes and to fulfil compliance obligations.

- Compliance with all appropriate ERDF 2014-2020 rules and regulations.

Payments will be only made by Transport Scotland after an agreement has been signed between the applicant and Transport Scotland and the payment has been checked by Energy Saving Trust. Further details on payments and financial requirements will be provided by the Energy Saving Trust as part of any grant agreement. These will include the requirement for detailed statements of expenditure and requests for funds in the format that will be specified by the Energy Saving Trust.

Payments will be made on a quarterly basis upon receipt of a detailed claim and sufficient evidence of eligible expenditure. (This will be on a defrayal basis rather than costs incurred.)

They will also be subject to satisfactory progress against the project's work plan.

Applicants must satisfy the due diligence, financial and organisational checks required prior to receiving public funds.

Eligible costs must be incurred on or after date of grant award and by 30 September 2022, and defrayed by 31 December 2022. You are strongly advised not to commit to any expenditure on which grant aid may be sought, until **after** a decision has been made on your application. If an offer letter is sent to you, you should sign and return it **before** incurring costs. We will **not** give grant funding to cover costs incurred before an offer letter has been signed, except the following: Preparatory work can be considered as eligible costs as long as it falls under section 4.1.2 of the [National Rules on eligibility of expenditure](#) on Pre-Contract and Contract Implementation Costs. For pre-contract works that meet the criteria under section 4.1.2 to be considered, they must be ERDF compliant, they must be included in the project application and they must be accompanied with the appropriate evidence. The start date of the programme is 1 January 2014. Feasibility studies are not eligible under this rule.

If circumstances outside the control of grantees occur which impact on delivering the expected outputs in the Capital period, grantees must inform the Energy Saving Trust as soon as possible. The Energy Saving Trust will consult with Transport Scotland to determine the best course of action; however, applicants should understand that a failure to complete eligible spending activities within this period will mean that the grantee may be unable to claim for those elements of the programme completed outwith this period.

Funds should be claimed against evidence of defrayed expenditure usually in the form of a receipted invoice accompanied by sufficient evidence of work undertaken. A claim form will be available on the [Energy Saving Trust's website](#). After each stage of work is completed you will be expected to complete and submit a claim form. Claims and all related evidence to support your claim should be submitted to the Energy Saving Trust for processing. ERDF grant and Transport Scotland match funding payments are calculated as percentage contribution rates against each declared expenditure reported within the claim. The completed claim form and associated supporting evidence will be reviewed by Energy Saving Trust within 10 working days of their receipt. When Energy

Saving Trust is satisfied that the claim is compliant with the National Rules on Eligibility of Expenditure they will submit the claim and supporting evidence to Transport Scotland for payment. Transport Scotland will have 10 working days to approve the payment of complete eligible claims from the date of receipt from Energy Saving Trust.

Finance is released against work carried out rather than a lump sum on approval.

17.2 Reporting

If your application is successful and you are awarded funding, you will be required to maintain regular communication with the Energy Saving Trust and provide reports on their project's progress. The reporting requirements will need to be in line with the overall programme reporting framework which will be established by the Energy Saving Trust prior to award.

The main components will be as follows:

- A monthly update report. This update should provide brief details on activities undertaken during the month, any emerging/materialising risks, as well as a description of how the project is tracking against the submitted project plan.
- A quarterly narrative on physical progress, financial performance, planned activity for the calendar year, targets, emerging risks and mitigation strategies, publicity and communications, match funding and contracted milestones.
- Final project completion report. The Grantee will be required to submit a report to the Scottish Ministers summarising the outcomes and performance of the Project. Such a report shall include such statistical, financial and other information relating to the impact of the Project. This report should be submitted within 30 days following completion of the Project.
- Additionally, the Grantee will be required to monitor and evaluate the project to evidence its outputs and outcomes and will be expected to report on this on an annual basis for a 3-year period following 30 September 2022.

The Energy Saving Trust will review all reports and will address any issues in these and contact grantees accordingly. They will be the first point of contact for any project reporting.

17.3 Communications

All projects will be encouraged to increase awareness of their hubs to promote sustainable travel and transport and encourage full use of the installed hub resources in their local area and these plans should be reflected in applications. This may be through local press articles, social media, open days, educational links with schools and colleges, training courses etc.

Applicants should note that any external references or publicity to their project must comply with [ESIF communications and publicity documents](#) which sets out the minimum requirements that applicants must adhere to. Projects are expected to give recognition to the provision of the grant by ERDF through Transport Scotland.

As the development of the hubs is funded by public funds and the overall objectives of the fund are to promote and increase the availability of low carbon and active travel, it is important that the lessons learned in the delivery of this programme are widely available. Successful projects will therefore be expected to share information relating to the project, including lessons learned.

17.4 Intellectual property

Energy Saving Trust and Transport Scotland reserve the right to share information about projects in reports, case studies and other channels as they reasonably consider appropriate from time to time. Content will enable readers to assess the viability of projects similar to the funded project.

Organisations that are successfully awarded funding through the LCTT Challenge Fund will need to ensure that Transport Scotland is able to share information without being constrained by intellectual property concerns. Funded organisations will therefore need to grant Transport Scotland a worldwide, non-exclusive, irrevocable and royalty free licence (with a right to grant sub-licences) to use, for such purposes as Transport Scotland thinks fit, any and all copyright, patents and other intellectual property rights (whether registered or otherwise) which are created or acquired by the funded organisation or any of the partners in the project in the course of implementing the project.

The Energy Saving Trust and Transport Scotland shall be entitled to publish and disclose to third parties, information relating to funded projects with a view to third parties setting up projects similar to the project, although in doing so the Energy Saving Trust and Transport Scotland (as appropriate) shall have regard to the confidentiality of any detailed financial information provided by the funded organisation.

18 Useful to know

ACRONYM / TERM	DEFINITION
Active Travel Hub	Facility created to provide focal point for cycling and walking routes
Applicant	Person or organisation submitting an application to the LCTT Challenge Fund.
Application	An organisation's application to the LCTT Challenge Fund for funding for a project.
Assessment	Scoring and evaluation of the application made prior to any offer of grant. Initial screening and scoring of applications will be undertaken by

	Energy Saving Trust and all applications will then be made available for review and ratification by an independent assessment panel.
Assessment panel	The group, or individuals, who will review and ratify or moderate scores given to applications during their assessment by Energy Saving Trust prior to recommending successful projects to Transport Scotland
Challenge Fund	Competitive process for selecting Operations
Claim	Claim for payment of grant funds
Conflicts of interest	Any issue or scenario that is incompatible with the aims, eligibility or legality of the project.
Eligible costs	Costs associated with eligible activities that may be funded under the LCTT Challenge Fund. These will be either capital or revenue costs.
European Regional Development Fund (ERDF)	Funding provided by the European Union to Member States to overcome structural deficiencies, increase and strengthen competitiveness and employment.
ESIF	European Structural and Investment Funds
H&I	Highlands and Islands geographical area of Scotland
Horizontal themes	The three European Structural and Investment Fund cross-cutting principles of Sustainable development, Equal opportunities and non-discrimination and Equality between men and women.
Hubs	There is no specific definition for 'hub' under LCTT as we are open to discussion to potential applicants about the model and forms 'hubs' might take. However, these might focus on Active Travel or Low Carbon Transport separately, or as part of an integrated approach.
Intervention Rate	The Structural Funds contribution to the Net Eligible Costs of a project (expressed as a percentage)
Lead Applicant	The organisation applying for the ERDF LCTT Challenge Fund funding
Lead Partner	Responsible for the overall implementation of a Strategic Intervention
Low Carbon Travel and Transport (LCTT) Programme	The Transport Scotland proposal to deliver a low carbon Strategic Intervention under the ERDF 2014-2020 programme

LCTT Challenge Fund	Low Carbon Travel and Transport Challenge Fund
Low Carbon Transport Hub	Facility created to provide refuelling facilities for a range of alternative fuels and transport modes
LUPS	Lowlands and Uplands geographical area of Scotland
Managing Authority	The section within Scottish Government responsible for the management, implementation, compliance and accountability for European Structural Funds on behalf of the European Commission within Scotland.
Match funding	The funding required and secured from other non Transport Scotland/ERDF eligible sources in order to deliver the project. Eligible sources of match funding are set out in this guidance document.
Monitoring and evaluation	The requirements for measuring the success of the outcomes.
Notes for applicants	LCTT Challenge Fund application form notes
Paths	Associated path networks of the project's 'hub'. These may be cycle networks or walking paths.
Project	The activity, or activities, to be funded by the LCTT Challenge Fund to deliver any approved purpose(s).
Stakeholders	Those individuals or organisations with potential to be involved with, or affected by the project.
Strategic Intervention	The ERDF 2014-2020 programme is structured around specific themes, with large scale funding allocations known as Strategic Interventions administered by Lead Partners
Transport Scotland (TS)	An executive agency of Scottish Government which successfully applied for the funding to support the LCTT programme (which includes the LCTT Challenge Fund)
The project	The activity (hub and any associated path elements) for which the application is requesting LCTT Challenge Fund support.
ULEV	Ultra Low Emission Vehicle



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For more information about the Low Carbon Travel & Transport Challenge Fund,
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