

## **ERDF 2014-2020: Low Carbon Travel and Transport (LCTT) Programme**

### **ROUND 3**

Last updated 09 August 2019

### **Frequently Asked Questions**

#### **1 European Structural and Investment Funds**

##### **1.1 What are these and how will they be affected by Brexit?**

European Structural and Investment Funds (ESIF) provide EU Member States and regions with financial assistance to overcome structural deficiencies, increase and strengthen competitiveness and employment. They are designed to reduce the development gap between EU regions and to create equal living standards for all EU inhabitants.

The Scottish Government (SG) is the Managing Authority for Structural Funds in Scotland and has overall responsibility for supervising the implementation, ongoing management and effectiveness of the programmes: [Programme Structure and Governance](#)

ESIF funds are 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.

##### **1.2 How are they distributed?**

Highlands & Islands (H&I) – includes the Highlands, Orkney, Shetland and the Western Isles as well as Moray and Argyll. Challenges faced by the Highlands and Islands include low population density, a widely dispersed enterprise base and low GDP.

Lowlands & Uplands (LUPS) – covers areas across the central belt, including Eastern Scotland, North-East Scotland and South-Western Scotland.

The distribution of European Funds across these distinct parts of Scotland ensures a wide range of groups, communities and businesses can benefit from European funding. The European Regional Development Fund (ERDF) intervention rates depend on the geographical region with the **maximum** available in the H&I of up to 70%; and up to 40% in the LUPS area.

##### **1.3 What is the European Regional Development Fund (ERDF) 2014-2020 Programme?**

The ERDF aims to strengthen **economic and social cohesion** in the European Union by correcting imbalances between its regions.

#### **1.4 What is the Low Carbon Travel and Transport (LCTT) Programme?**

Transport Scotland (TS) has been awarded funding under the ERDF 2014-2020 programme to deliver a LCTT programme.

TS, as 'Lead Partner', aims to deliver the following three main 'Operations' (or projects):

- Active Travel Hubs (ATH) 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 (LCTH) will provide refuelling facilities for a range of alternative fuels and transport modes. We envisage that the locations and composition of these hubs will be determined by local circumstances and demand but typically are likely to include a mixture of low carbon vehicle refuelling infrastructure, such as electric vehicle charging points, hydrogen refuelling stations and gas refuelling facilities.
- National Smart Integrated Ticketing Scheme - the aim is to create a strategic and holistic approach to a National Smart Transport Card system, acting as a catalyst for increased public transport use, reducing emissions and congestion from road transport as a result.

#### **1.5 How will the operations be delivered?**

The majority of the activities for the ATH and LCTH operations will be delivered through the LCTT Challenge Fund.

The Smart Integrated Ticketing (SIT) operation will partly be delivered through the Transport Smart Ticketing Challenge Fund (LCTT STCF). Further information is available via the [SIT webpage](#).

#### **1.6 Can Round 3 conditions of grant be applied to Round 1 and 2 funded projects?**

No. The terms of Round 3 cannot be retrospectively applied to grants that have been accepted under the terms of Round 1 and 2. The challenge fund Rounds are separate and terms and conditions are specific to each round.

#### **1.7 What are the National Rules on Eligibility of Expenditure?**

SG, as Managing Authority, has developed [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.”

These rules apply to all projects approved under the ERDF 2014-2020 programme and their purpose is to distinguish clearly between eligible and ineligible costs, and to ensure that only eligible activity/expenditure features in applications and ultimately claims. More information on eligible and ineligible costs is provided in the link to the SG ERDF website above.

TS, as Lead Partner, must adhere with these rules and will liaise with SG to ensure that all activities and expenditure under the LCTT programme are eligible.

## 2. Low Carbon Travel and Transport (LCTT) Challenge Fund

### 2.1 Application Timetable and Scale?

- **What is TS outline timetable for submitting applications?**

TS have appointed the Energy Saving Trust (EST) to support the design and delivery of the LCTT Challenge Fund for development of active travel and low carbon transport hubs and paths. Round 3 of the LCTT Challenge Fund was launched in July 2019 and the deadline for receipt of applications is 25 October 2019. The application and assessment process will be completed in time to enable award of funds from March/April 2020.

- **When must the projects be completed?**

All operational activity funded under the LCTT Challenge Fund Round 3 must be completed by end September 2022.

- **How much is available?**

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.

- **Is the award made for a single year or over multiple years?**

Awards will be over multiple years for delivery of activity up to 30 September 2022. We will need to see a realistic timeline for the development of the hubs as part of the LCTT Challenge Fund assessment. If a bid is successful, we will then agree key milestones and a forecast of spend with you which will then be kept under review. If progress is significantly delayed, we may need to reserve the option of withdrawing our offer of grant but we will only do this *in extremis*.

- **How long do Hubs have to stay open for?**

Hubs and associated paths which have been supported with ERDF must remain open for at least 5 years from the final payment being received. Closure before that date may result in the recovery of grant.

### 2.2 Eligibility?

- **What type of funding can we bid for?**

This is a capital fund. The ERDF award may also be used to support some revenue-type costs as part of the overall proposal – e.g., outreach activity, marketing and promotion, community engagement and evaluation until 30 September 2022.

- **What constitutes an 'eligible organisation' for the purposes of the fund?**

Public sector bodies, third sector and not for profit / community organisations are invited to submit proposals as lead applicant. The private sector is not eligible to apply for funds under ERDF 2014-2020 programme. Corporate or private sector funding **cannot** be accepted as match-funding. If you are not sure

about the eligibility of your organisation to submit a proposal for funds, you are asked to contact EST in the first instance.

- **Can we make more than one application?**

Yes. If you do submit more than one application, you will be required to rank your proposals by your highest to lowest priority for support.

- **Can we make an application to Round 3 if we have already received a grant from Round 1 or 2?**

Yes. You would have to demonstrate the capacity of your organisations to deliver the two projects. Additionality and a clear distinction between the round 1 or 2 and round 3 projects would need to be clearly demonstrated.

- **We're a third/ community sector organisation and need upfront cash - can we draw down grant monies in advance of need?**

No. Whilst these sectors can apply for support, groups will be asked to demonstrate that they have sufficient capacity to deliver, operate and sustain the overall project in the short, medium and longer term. You can contact us to discuss your individual proposals, if you are unsure about proceeding.

- **Can I apply as part of a consortium?**

Yes. We'd be interested to see how a consortium approach may work. However, you will need to nominate an eligible lead partner for the application. 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 setting out roles and responsibilities. Evidence of this will be requested.

- **Can we use grant to support feasibility studies?**

The ERDF capital funds cannot be used to support feasibility studies.

- **Can we use grant for pre-contract costs and design work for construction?**

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.

- **Are warranty and maintenance cost for equipment that is integral for the LCTT project eligible?**

Cost for warranty and maintenance is considered eligible provided the costs associated with the warranty period were part of the main contract and paid for as a single payment within the eligible project lifetime (rather than annually), essentially capitalising the cost. For example, electric vehicle charge points, within the specification, may have the requirement for the supplier to provide a warranty/maintenance service that covers the likes of maintaining the

equipment for a set period of time. Additional costs, for example repairs caused by misuse, that are incurred but are separate/additional to the original specification would not be considered eligible – regardless of whether these are accommodated as a variation / extension to the main contract.

- **Does staffing constitute an eligible cost?**

Yes, staff with a minimum of 40% of their time related to the delivery of the ERDF project (whether they are in part or full-time roles) will be regarded as an eligible cost. Staff will either be linked to the capital build or activity relating to outreach, marketing, promotion community engagement and evaluation, until September 2022. Please note the 40% minimum only applies to round 2 and 3 of the LCTT Challenge Fund.

- **Can a third party project manage/deliver elements of the project?**

Yes. These services would need to be procured.

- **Can we use grant to buy vehicles?**

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.

- **Do projects involving public transport (e.g. low carbon ferries/buses) fit this call?**

This will depend on the nature of the project. A key requirement is that hubs need to be available to all potential 'users' and avoid exclusivity.

- **Can we use grant to support marketing and outreach activity?**

Yes. The costs associated with the marketing, development and pre-opening of the project are eligible costs until September 2022.

- **What does 'additionality' mean?**

'Additionality' is one of the principles driving the ERDF programme and for LCTT Challenge Fund applicants this means that all project proposals must be for new or additional activity. This means applicants must demonstrate 'added value' i.e. that their project would not be able to go ahead, or only in a reduced form, without the requested ERDF support.

## 2.3 Match-Funding

- **Can we use private sector funding as match?**

No. Private sector match will not be accepted as eligible match, though this does not prevent the potential for private sector input to the ineligible project costs, i.e. on-going revenue support for the project.

- **Can we match-fund with capital and/or revenue support?**

Match funding must be either direct cash contribution or expenditure incurred in delivering the project; other EU-sourced funds, private sector and in-kind

support cannot be accepted as match.

- **Can we use match-fund from previous or future years?** No. Match-funding used for the LCTT Challenge Fund project has to be made available for costs incurred and defrayed within the timeframe of the delivery of the project proposal itself.
- **Can we match with other Scottish Government pots of funding?**  
Yes, dependent on checking against the individual terms of reference for the grant in question.
- **Are Transport Scotland grants eligible as match?**  
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 and 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.
- **Can we match with other pots of European Union funding?**  
No. It is a strict requirement of the ERDF 2014-2020 programme that match funding does not come from other EU sources.
- **Would ring fenced revenue funding from an organisation be considered as match funding?**  
In principle, revenue funding can be accepted as match. In terms of 'ring-fenced' revenue funding, it depends on the conditions attached. If an organisation has ring-fenced funding for general transport or active travel projects, then this would generally be acceptable. If an organisation has ring-fenced revenue funding against specific outputs, in order for this to be considered acceptable as match, the applicant would need to demonstrate the additionality that the ERDF investment would bring to the already planned project, i.e. would make it bigger, better, bring forward delivery.
- **What evidence is required at the LCTT Challenge Fund application stage and/or award stage in terms of match funding being in place (e.g. supporting letter/evidence of intent)?**  
A signed letter from bodies providing or intending to provide match funding confirming their intention to match fund and the amount will be required at application stage. If the match funding is being sought from external sources, proof of funding application must be submitted at application stage. Further evidence of match funding confirmation and commitment would be included as a condition at grant award stage, e.g. internal accounting showing transfer of funds to the project's budget/code in case of internally sourced match funding

or, for externally sourced match funding, grant offer in conjunction with bank statements showing receipt of funding.

As part of the scoring criteria for Round 3 of the LCTT Challenge Fund, applications will be assessed on the credibility of the evidence provided in support of the match funding required for projects. Applicants that provide strong evidence that match funding has been secured will receive a higher score than those providing weaker evidence.

- **Can we use charitable funding as match?**  
Yes. In principle funds from registered charities and trusts are eligible as match.
- **Are funds set up for wider community benefit eligible?**  
Yes, in principle. If money (e.g. from a developer or income through a local renewables scheme) has been given to a community to determine how it is best used, without conditions, this could be considered as eligible match.
- **Are Section 75 monies derived from developer contribution eligible match?**  
Yes, in principle, provided ERDF support adds value to and enhances the activity Section 75 funding has been awarded for and dependant on conditions associated with how the money is to be used. Use of Section 75 monies as eligible match funding should be discussed with EST prior to including as eligible match funding in an ERDF application.
- **Are existing assets eligible as match funding?**  
No. Existing assets cannot be used to contribute towards match funding. Match funding must be in the form of a direct cash contribution or expenditure incurred as per National Rules.
- **Can annualised cost of building rental/lease be counted as match funding?**  
No. These costs would not be eligible as the ERDF award can only support the capital build and refurbishment costs of a hub.
- **Are City Region Deal funds provided by the Scottish Government and UK government considered eligible match?**  
In principle City Region Deal funding can be used as an eligible source of match funding for a project submitted to the LCTT Challenge Fund, so long as this funding has been confirmed to the Local Authority and approved to support the project; and that this will enable the project to be delivered within the required timescale of September 2022.

## 2.4 Procurement

- **What are the procurement requirements associated with ERDF funding?**  
Information regarding procurement can be found in the [National Rules](#), section 1.8. Contracting for the provision of works, materials and/or services is eligible. Applicants should pay particular regard to and comply with the thresholds for publishing invitations to tender on the Official Journal of the EU and (Scottish)



national procurement rules. 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 from the Managing Authority.

## 2.5 State aid

- **Is ERDF funding exempt from EU state aid rules?**

No. Applicants to the LCTT Challenge Fund will have the responsibility of ensure that their project adheres to state aid rules and applications will be assessed 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 4 key tests which need to be considered to establish whether a project constitutes state aid with further information and guidance provided on the Scottish Government's State Aid Unit [website](#).

- **What happens if a project is assessed to involve state aid?**

If a project or elements of it are assessed to involve state aid then cover is available through the EU [General Block Exemption Regulation](#) (GBER). Under GBER specific Articles (e.g. 14, 17, 22, 36, 38 and 41) allows public funding to be provided for specified eligible costs, activities and aid intensities.

## 2.6 Horizontal Themes

- **What is meant by 'Horizontal Themes'?**

There are three horizontal themes;

**Sustainable development, Equal opportunities and non-discrimination and Equality between men and women.** Under the ERDF 2014-2020 programme, it is important to demonstrate these horizontal themes have been considered and integrated across LCTT Programme projects.

- **Do all three horizontal themes need to be demonstrated within projects?**

Applicants are expected to describe in detail how the project contributes to the Programme horizontal themes. In doing so it is important to explain how these will be taken into account, monitored, evidenced and reported on throughout the lifetime of the project. These activities will be an integral part of the Monitoring and Evaluation Frameworks and the terms and conditions of supported projects.

## 2.7 Types of Hub

- **Do you have a set idea of a LCTT 'Hub'?**

No. We're open to discussion with potential bidders about the model and forms 'hubs' might take. These might focus on Active Travel or Low Carbon Transport separately, or as part of an integrated approach.

- Do the LCTT Hubs have to be new build? Do they have to be purpose built?**

No. You will need to demonstrate requisite permissions will be in place to deliver the works within timescales, whether purpose built, refurbishment or redevelopment of existing.
- Can we purchase a property or land in order to create the LCTT Hub?**

Yes. The cost of real estate (i.e. purchase of land or existing buildings) are eligible up to 10% of the total eligible project expenditure (or can be 15% for derelict sites and for those formerly in industrial use which comprise buildings). The cost of the build of a new hub or refurbishment of existing buildings are up to 100% eligible.
- Can we introduce income generating elements to hubs?**

Yes. However, if total eligible project costs are over €1m and the project generates net revenue, either within three years following project completion or by the European Structural Funds Programme closure deadline (whichever is earlier), you will be required to report the net revenue generated and the grant may then be commensurately reduced and any grant overpayment recovered.
- Can ERDF funds be used to support the costs associated with retail/café space?**

No. If space for a café or retail is being included in the build, this would not be eligible to be funded under ERDF. The project costs for that element of the build would therefore need to be apportioned.
- Is ‘mixed use’ space an eligible cost for this fund?**

Yes, if the purpose can clearly be related back to attracting an audience in order to target LCTT messages; either directly (activities promoting low carbon travel options, cycling, walking, greener, healthier lifestyles) or indirectly (activities designed to attract more numbers and widen the appeal out to different age groups and types, to visit and use the hubs regularly).
- Would ‘virtual hubs’ be eligible for ERDF LCTT Challenge Fund support?**

The ERDF LCTT CF programme is not available to support exclusively ‘virtual hub’ models. However, applicants may propose to employ virtual elements in their project. In principle, the development of applications (apps) is an eligible capital activity provided that the cost of development is met through one of the agreed ERDF cost models. There are a number of additional factors you must consider – for example, the apps should be free to use and if developed externally, the developer will not own the rights to the app and all code should be available in the public domain. Standard ERDF requirements around e.g. publicity, revenue generation will also apply.
- Are the costs of electricity grid connections eligible?**

Yes, to the extent of meeting the electricity requirements of a hub. However, any costs that are exclusive to enabling the export of electricity generated by a hub (e.g. from solar) to the National Grid or assets not associated with a project (e.g. a local building) are considered ineligible costs.

- **Can I submit a Path project application in isolation?**  
Yes. Path-only applications will be considered, provided they can demonstrate that the path works are of sufficient scale and strategic importance, supporting functional, everyday trips.
- **What will be the key criteria for the LCTT Challenge Fund?**  
Key criteria for the Challenge Fund are: project rationale supporting the strategic aims of the LCTT programme; strategic fit (national and local priority and context); partnership working; community engagement, additionality, deliverability within timeframe, sustainability, financial viability and match funding.
- **Do you have target areas and/or target groups for location?**  
We will consider a range of proposals which will allow us to test out approaches, appropriate to a variety of rural and urban settings – for example, they might be associated with traditional transport interchanges (rail or bus station, ferry port), new or existing neighbourhood facilities, sited within town or city centres premises or relate to edge of town business park, health or campus facilities.

## 2.8 Monitoring, Evaluation and Reporting

- **What are the responsibilities for successful applicants during the course of the LCTT programme and LCTT and SIT CF's?**
  - If your application is successful and you are awarded funding, you will be required to maintain regular communication with EST.
  - Successful applicants will be expected to produce an evaluation plan for projects and undertake their own project monitoring. Projects will be expected to attend evaluation workshops pre and post project and report activities undertaken on a monthly basis until project completion. Annual evaluation reports will be expected 3 years post completion of projects, 2023 to 2025.
  - Quarterly reports will be required at the end of each claim instalment period. These will entail project progress which will include financial forecast, update on project plan and a financial and project report. Monthly update reports are expected from projects, which will cover brief updates on progress, risks and activities.
  - A final project report within 30 days of the end of the project will be required.
- **What type of information will applicants need to monitor and evaluate?**  
ERDF funding is output and outcome focussed. Applicants are expected to provide details on what information will be collected and how you will monitor and evaluate their project in terms of the LCTT programme outputs and outcomes that is intended to deliver. Such as:
  - Baseline data (or how and when baseline data will be gathered).
  - The desired outcomes of the project and how you plan to monitor success in the medium to longer term.
  - What target population(s) this will relate to and impact upon.
  - What the outputs of the project will be.

- What will be measured in order to track impact against desired outcomes, how and when impact will be measured.
- Who will be responsible for this.

## 2.9 Compliance and ERDF requirements

- **What do applicants need to do to be compliant with ERDF requirements?**  
Applicants must have a compliance and audit plan in place which will allow them to plan and resource requirements to meet the compliance standards needed. Such as:
  - Good Governance.
  - Maintenance of financial records and managing financial performance.
  - Change control procedures.
  - Risk identification and management.
  - Communication and engagement plan.
  - Reporting and forecasting.
  - Retention of documents.

## 2.10 Post- delivery

- **How long do we need to keep project documentation?**  
The auditable lifetime for the 2014 – 2020 programme is potentially going to run into 2028. For operations delivered up and until 30 September 2022 of the LCTT programme, we would expect that all key documents be retained until at least 2027. Failure to do so risks grant funding being withdrawn. 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.
- **How long do we need to run the Hub, once it has been constructed/ established, to avoid any early closure penalty or funding clawback?**  
For at least 5 years from the final payment being received.

### **3. ChargePlace Scotland Network**

#### **3.1 What is the ChargePlace Scotland Network?**

The ChargePlace Scotland Network is a national network of electric vehicle (EV) charge points available across Scotland. This network has been developed by TS through grant funding of local authorities and other organisations to install publically available charge points. Recipients of funding are known as 'Hosts'. A host is the designated owner of the charge points they have installed and are also responsible for maintenance and general upkeep of their charge points. The ChargePlace Scotland Network is operated on behalf of Transport Scotland, through a procured contract, by Charge Your Car Ltd.

#### **3.2 Is it mandatory for EV charge point equipment funded through the ERDF LCTT Challenge Fund to be part of the ChargePlace Scotland Network?**

Successful applicants who plan to include EV charge points as part of their LCTT hub project are strongly encouraged to ensure that the charge points become part of the national ChargePlace Scotland Network. Please refer to the [EST website](#) for further guidance

#### **4. Enquiries**

If you have any queries about the ERDF LCTT programme, or would like to discuss ideas you have before submitting an application, please send an email to the [LCTT mailbox](#) with an outline of your query and your contact details and a member of the EST or TS team will get back to you.