

CARES FUNDING CALL 2020

Information and guidance pack



Context

As Scotland starts to emerge from the COVID-19 crisis, there is an opportunity to focus on a green recovery by aiding economic activity that puts tackling climate change and our ambition to reach net zero at the heart of everything we do. The support that CARES offers to rural businesses, communities and third sector organisations is an integral part of this green recovery package.

We encourage all communities across Scotland to consider how a green recovery could strengthen and build its resilience, support the local economy and the community's wider social aims, and prepare for the future.

We recognise that many community organisations are currently supporting frontline services and helping those at risk in their communities. If the timing isn't right for you now, please let us know so that we can keep in touch and look to work with you in the future.

CARES priorities

CARES supports projects that:

1. accelerate the uptake of community and locally owned renewable energy, to meet Scotland's 2020 1GW and 2030 2GW targets.
2. support community involvement in local energy systems that lead to new installations of locally owned renewable energy generation.
3. support shared ownership projects. Shared ownership is where a community group invests in a commercial renewable energy project.
4. assist communities to maximise the impact from community benefit funds through community consultation, action planning and good governance.

Local ownership and/or community involvement must be at the heart of the projects developed through CARES.

Energy efficiency must be part of any proposal and must consider all aspects of energy in the given situation. As examples; developing a new model to generate renewable heat must also consider the purpose or process the heat is used for; developing storage solutions must consider the round trip efficiency; product efficiency (where applicable) should be compared to alternative and existing products.

Priority areas for this funding call

We are particularly keen to encourage applications from the following priority areas:

- Urban and rural community-led local energy projects that will stimulate and accelerate the future development of pipeline projects, and that demonstrate economic and social benefits to local communities.
- Community-led local energy projects that require capital investment this financial year, i.e. your project is either 'shovel ready' or you can tender and start work before April 2021.
- Capital investment for existing off-grid communities needing to maintain security of electricity supply, while seeking to transition to net zero. Investment will also support the decarbonisation of heat in off-electricity grid communities.
- Rural businesses and farms that need support to complete technical and commercial feasibility work, to stimulate activity in the rural economy by unlocking potential for local energy projects.

Who can apply for CARES funding?

Local ownership and/or community involvement must be at the heart of projects that CARES supports.

Eligible applicants include constituted community groups, charities, faith groups, academic institutions, local authorities, housing associations and small to medium sized rural businesses.

Eligible Applicants

Eligible community organisations can access up to 100% of project costs. These include:

- Constituted¹ non-profit distributing community groups, including groups with charitable status, with an open membership that are established and operating across a geographically defined community ('local community groups').
- Societies for the Benefit of the Community (BenCom), a form of Industrial Provident Society, that provide suitable local benefit.
- Bona-fide co-operatives, a form of Industrial Provident Society – where the local community benefit is part of the society's core purpose and interest rates paid to members are capped.

The scheme is also open the following, with a maximum contribution of 60%² of project costs:

- National or regional non-profit organisations with charitable aims and objectives.
- Faith groups
- Local authorities and housing associations.
- Rural businesses

¹ Non-constituted groups can be supported to become constituted.

² Match funding will be required, intervention rates worked on a project by project basis

- Rural Scottish Small and Medium-sized Enterprise (SME) i.e. landowner, agricultural business, croft, grazing committee, college or social enterprise.
- Small and Medium Enterprises in rural areas, where this is defined as Settlements of less than 3,000 people³.
- Rural businesses are not eligible for enablement grants

Where the project will involve a standard renewable energy generating installation applicants who are not communities are required to follow the good practice principles which for onshore renewables currently includes pledging a package of benefits with a value of £5,000 per megawatt of installed capacity, per annum. Visit www.localenergy.scot/goodpractice for more information.

Applicants must demonstrate ‘additionality’ and align with the Scottish Government’s Energy Strategy and therefore must include energy demand reduction and efficiency as a priority in terms of developing local, efficient energy systems. As such all applications will need to include a commitment to review what energy reduction and efficiency measures would optimise the proposed energy project. All projects must include a significant element of local ownership.

The applicant must be able to demonstrate that the proposed team delivering the work has sufficient expertise and experience to oversee and carry out the proposed work.

All work must be procured through a competitive process. Please refer to the procurement section below for further details.

Ineligibilities:

The following will not be funded through CARES:

- Development of a pipeline of work for a specific company.
- Projects where the applicant is not willing to share the outputs.
- Developing/novel technologies at Technology Readiness Level 1-6⁴.
- Normal commercial business activities.
- Applicants or projects based outside Scotland.
- Applicants not noted in the list of eligible applicants detailed in this guidance note.
- Costs already incurred prior to the award of funding.
- Projects not progressing within the spirit of the CARES scheme.
- Electric vehicles.
- Grants to projects eligible for RHI, other than the elements listed in annex 3.

³ <http://www.gov.scot/Topics/Statistics/About/Methodology/UrbanRuralClassification>

⁴ Example TRL <https://publications.parliament.uk/pa/cm201011/cmselect/cmsctech/619/61913.htm>

- Due to the short-term nature of CARES funding, it is not used for staff posts (eg development officers, project officers). Please refer to the procurement section on specialist services where this may be a relevant exception for your project.
- Unusual circumstances will be taken on their merits.

How do I apply?

Stage 1 - Expressions of interest to be submitted by Wednesday 22 July 2020.

At the first stage we will assess how your project fits with CARES priorities and its potential impact and viability. We will assess your project proposal for readiness to progress to the next stage. We encourage you to submit an expression of interest as soon as possible so that we can give you feedback to develop your idea further.

At this stage our recommended next steps may include:

- Going straight to stage 2 to apply, if your proposal is well progressed.
- Applying for a fast-track grant for a small amount of funding/support to take you to the next step of having a firm project proposal that will progress to stage 2.
- Taking more time to develop your project idea further. A CARES enablement grant or more direct help from your Local Development officer may be a better option.
- Signposting your project to a different fund which might be better suited.

Please send your completed [Expression of Interest form](#) to info@localenergy.scot and copy in your Local Development Officer. You may wish to discuss this with them before submitting it.

Stage 2 - Full applications to be submitted by Wednesday 2 September 2020.

After stage 1, if you are successful you will be asked to submit a full application which will be assessed by an independent CARES panel.

You will be notified on or after Wednesday 14 October if your application has been successful.

In order to ensure value for money and help mobilise projects, we will assess what procurement and mobilisation support, if any, might be needed to assist your project. This can run in parallel to the application process.

Local Energy Scotland surgeries June to September 2020		
Enablement grants (small grant support) Year round		
Enablement grant applications supported and assessed on a rolling basis.		
Development and capital funding June to September		
Wednesday 22 July	Wednesday 2 September	Wednesday 14 October
All EOI to be submitted. EOI will be assessed and feedback given on a rolling basis to support application submission in September.	Full applications to be submitted.	Funding awarded subject to due diligence.

What CARES support is available?

Local Energy Scotland surgeries

- Our surgeries are open to potential applicants and can be arranged before or during the application process. Visit the [Local Energy Scotland website](#) for details.
- A place to get advice on funding support and to discuss your community, its challenges and ambitions.
- An opportunity to refine your project details – bounce ideas around or ask us what might work.

Enablement grants

- Up to £25,000 is available, but smaller grants of up to £5,000 are typical, and which benefit from a quick and easy application process.
- Up to 100% for community groups/small charities, 60% for other eligible applicants.
- Only available for not-for-profit applicants i.e. constituted community groups, charities, faith groups, academic institutions, local authorities and housing associations.
- Help to fund work that will further develop and firm-up ideas or support activity around community benefit and shared ownership.

Local development funding

- Loan and/or grant funding available. For larger infrastructure projects, funds of up to £150,000 are available.
- Available for constituted community groups, charities, faith groups, academic institutions, local authorities, housing associations and small to medium sized rural businesses.

- Development funding supports development activities: for example - feasibility, design and consenting of new renewable or innovation projects.
- Applications are encouraged from both urban and rural communities.

Local energy capital funding

- Loan and/or grant funding available. Amounts depend on project needs and Scottish Government funding available. Funds may be paid in stages over financial years, with the first stage up to March 2021.
- Available for constituted community groups, charities, faith groups, academic institutions, local authorities, housing associations and small to medium sized rural businesses.
- Available for the installation of renewable energy, local energy, energy storage or energy system projects.
- CARES grants are expected to form part of the project's funding package (up to a maximum of 60%)* with other loans, community shares, bonds etc making up the balance. Your Local Development Officer can help you understand the full funding options available.
- The maximum contribution of capital funds from CARES towards thermal storage and battery storage is 50%.
- Applications are encouraged from urban and rural communities.

*Except in exceptional circumstances where a community project demonstrates need, state aid rules permit and the project forms part of a critical service.

CARES example project themes

Themes	Description	Guidance
Off-grid	Capital investment for communities who operate existing local independent grid electricity ⁵ systems (off-grid) to prepare your grid for net-zero.	<ul style="list-style-type: none"> • Funding can be used to upgrade infrastructure, add controls and monitoring, and build resilience into existing local independent grids. • Funding could also be used to add energy storage and/or renewable energy generation to local independent grids. • Projects must involve the decarbonisation of heat via your electricity grid.
Local energy projects	Local energy projects that work towards net-zero.	<p>To help consider what projects might work for your organisation we have produced site guides and project models that can help you replicate good ideas. Download these guides from the resources section of the Local Energy Scotland website.</p> <p>Site guides are available for:</p> <ul style="list-style-type: none"> • new community housing • community buildings • farms and agriculture. <p>Project models are available for:</p> <ul style="list-style-type: none"> • photovoltaic installation on a community building • new wind generation (grid connected, above 1MW) • refurbished wind generation (grid connected) <p>Speak to your Local Development Officer for ideas that might work for your project.</p>
Community buildings	These buildings can act as exemplars to demonstrate energy systems and low carbon heating.	<p>As a first step, projects should complete an Energy Efficiency Business Support audit and, if needed, an options appraisal to ensure the right solution is being pursued.</p> <p>CARES can support things like solar PV systems, energy storage and low carbon heat, but it's always important to address energy efficiency first. We can't currently visit your community building, but we can see it on Google Maps and can talk through what</p>

⁵ Independent Local Grid – an electricity network, separate to the National Grid (National Grid being the main transmission and distribution network serving the UK).

		might work best and what support could be available.
Community Asset transfer	Energy projects can reduce running costs in community owned buildings or generate income to support the business case for land asset transfers.	Support for options appraisals for community owned buildings that are going or have been through the community asset transfer ⁶ . Some community land asset transfer business cases are supported by the idea of installing renewable energy/local energy projects. CARES can support feasibility and option appraisal to better understand the potential viability and potential revenues.
Vacant and derelict land	Support local energy options appraisals and project on land classified as vacant and derelict.	Vacant and derelict land can cause social, economic and environmental harm in our communities. Local energy projects might form part of the solution. CARES can support feasibility work and business cases to understand options. The Scottish Land Commission and Local Authority will be consulted as appropriate.
Rural businesses and farms	Funding for feasibility work to stimulate activity in the rural economy by unlocking the potential for local energy projects.	We are keen to build a strong pipeline of potential projects that can transform energy use in our rural economies. Example initiatives: <ul style="list-style-type: none"> • New energy provision • Smart Farm Energy System development • Hydrogen generation • Energy storage

⁶ For buildings that are progressing through the Community Asset Transfer (CAT) process and reasonable progress is demonstrated Local Energy Scotland can support an application to be submitted. The application can be assessed and approved subject to the CAT approval - this means that whilst CARES funded work can't progress and spend can't be incurred until the CAT approval you can be ready to start. Local Energy Scotland can also support with procurement to get contractors in place, if groups would like to progress with this.

Requirements - all projects

- CARES funded projects must share outcomes and findings to benefit local energy generation in Scotland.
- All intellectual property (IP) must be shared with the Scottish Government. All partners/contractors involved in the project must be in agreement with this obligation^[1].
- To facilitate sharing of information any resources developed whilst undertaking the project that have the potential to support the wider sector will be hosted on the [Local Energy Scotland website](#) and branded accordingly. Please note in these situations the applicant organisation(s) will also be credited for their work.
- All material produced, publicity undertaken, or events delivered must adequately acknowledge the assistance of the Scottish Government and CARES.
- Monthly updates and spend forecasts for Local Energy Scotland will be required.

Approvals

- Any applications considered by Local Energy Scotland to be incomplete, of insufficient quality, unclear in aims, or that are considered not to meet the schemes objectives will be rejected.
- Projects with match funding are welcomed as funding is limited.
- It is expected that demand for grants and loans will exceed available budget so only projects assessed to best meet the CARES criteria will be considered for funding.
- Final decisions on applications to be granted funding will be made by the Local Energy Scotland management team or the CARES panel and there is no right of appeal.

Application process

Enquiries

- If you are considering submitting an application, you should contact your [Local Development Officer](#). For shared ownership projects, contact the [Shared Ownership Manager](#).
- If you have a general project enquiry you can also contact the Local Energy Scotland's central office by emailing info@localenergy.scot or calling 0800 808 2288
- Application forms and the guidance are available online and can be accessed at www.localenergy.scot/funding.
- Projects which have not contacted Local Energy Scotland prior to submitting an application will not be considered for funding.

Applications

Application forms should be fully completed and a word version emailed to your Local Development Officer and copied to info@localenergy.scot.

Following initial review and approval from Local Energy Scotland the signed application form should be sent to: Energy Saving Trust, Local Energy Scotland team, Ocean Point 1, 94 Ocean Drive, Edinburgh EH6 6JH.

^[1] The CARES IP enablement grant condition can be shared on request

Annex 1 - State Aid Guidance

Please speak to the team at Local Energy Scotland for guidance. CARES typically uses the following state aid regulations and exemptions and additional guidance is available on the [Local Energy Scotland website](#).

General Block Exemption Regulation

The Community and Renewable Energy Scheme grants and loans have been notified to the European Commission under its General Block Exemption Regulation (Commission Regulation {EU} No 651/2014), to ensure compliance with EU rules on State Aid. The scheme number is **SA.51726**. Full details of this Regulation can be accessed on the [EU website](#). Proposals which meet the criteria for funding through GBER can be awarded via this scheme. Any award will comply with the terms of the Article and wider conditions of the Regulation.

De Minimis

CARES may award grants under De Minimis funding for non-agricultural businesses. The De Minimis exemption permits aid of up to EUR 200,000 to an individual recipient (from all sources) in any rolling three-year fiscal period. As the applicant, it is your responsibility to ensure that any award that may be provided does not breach the EUR 200,000 ceiling. Successful applicants will need to complete and return a De Minimis declaration. The relevant regulation is the European Commission's De Minimis Regulation (Commission Regulation (EU) 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to De Minimis aid, OJ(L) 352/1). The State Aid is expressed in Euros and can be equated to Pounds Sterling by using the rates shown on the [EU website](#). Awards will be calculated using the exchange rate applicable on the date of granting.

Agricultural Block Exemption Regulation

CARES funds have been notified to the European Commission under its Agricultural Block Exemption Regulation (Commission Regulation {EU} No 702/2014), to ensure compliance with EU rules on State Aid. The scheme number is **SA.48822**. Full details of this regulation can be accessed on the [EU website](#).

In particular, awards will be made under Article 14. Any award made will comply with the terms of this Article and wider conditions of the Regulation.

Agricultural De Minimis

CARES may award grants under the Agricultural De Minimis Regulation (EU) 1408/2013. The total amount of de minimis aid granted per Member State to a single undertaking shall not exceed EUR 15 000 over any period of 3 fiscal years.

Successful applicants will need to return a De Minimis declaration. The relevant regulation is

the European Commission's De Minimis Regulation (Commission Regulation (EU) 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to De Minimis aid, OJ(L) 352/1). The State Aid is expressed in Euros and can be equated to Pounds Sterling by using the rates shown on the [EU website](#). Awards will be calculated using the exchange rate applicable on the date of granting.

Annex 2 - Procurement Guidance

Local Energy Scotland, operating under the Scottish Government contract to administer the Community and Renewable Energy Scheme (CARES), requires CARES projects to demonstrate a fair procurement process has been undertaken to ensure value for money from public funding. We recommend that all goods and services are procured through Public Contract Scotland.

As part of the application, projects must demonstrate how they have complied with good procurement practice. Local Energy Scotland has set out below the procurement route to be followed.

Procuring supplies and works

In most instances Local Energy Scotland recommend the use of Public Contracts Scotland (PCS) to procure the work in a fair and open manner. This could either be through a full procurement or through the Quick Quote facility, depending on contract values. Where services have already been procured through PCS, such as the CARES frameworks (or other current or future options facilitated and approved by Local Energy Scotland) additional use of PCS is not required. The easiest way to work out which procurement route will be required is to use the procurement journey decision matrix as specified on the [Scottish Government website](#).

Where supplies and works are being procured with CARES funds, and are being advertised on PCS, the decision matrix should be used to inform the procurement route that is followed. For legal, financial and project management services you can procure through known routes and / or make use of the [CARES framework](#) contractors, details of which are on our website along with information on how to use the framework and the mini competition process that can be followed. It is not a requirement to use these frameworks, but we want to highlight that this service is available to CARES applicants.

Procurement process

Where services have been procured, a clear record of the procurement process must be included in your application, including the tender package, responses and evaluation method. Clear rationale must demonstrate value for money in the preferred selection.

Specialist Skills

In the very rare circumstances where there are skills only available through one provider that cannot be competitively tendered but are essential to the project, these must be identified in advance of application and discussed with Local Energy Scotland.

In this instance you should outline:

- how the skilled provider was selected to provide the service
- how costs are benchmarked and how value for money is demonstrated, and also provide
 - names of staff, position in organisation and day rate charged
 - example evidence to support claims to accurately record the costs incurred

Note: should Local Energy Scotland or the CARES Panel consider procurement of such services to be possible, this will be conditioned on any approval of funding and may delay project commencement.

Supplies, works and services with a value of less than £5,000

For supplies, works and services (where services are not provided by a project partner) with a value of less than £5,000 the applicant is required to show that they have attempted to obtain at least three quotes before awarding the contract. Where the total value of all contracts given to that contractor exceeds £5,000 it is expected that procurement is carried out, or value for money demonstrated, as detailed above.

Annex 3: Renewable Heat Incentive (RHI)

OFGEMs general principle is that costs that do not relate to the generating equipment itself, or the direct costs of installing and connecting the generating plant, are potentially compatible with grant support, although currently this will only be confirmed at the point of accreditation. The below table details examples of types of funding that we expect can be awarded under a grant without impacting RHI.

- Educational Facilities
- Ground Investigation Works
- Due Diligence
- Balance of Plant Procurement
- Uncertainty Analysis
- O&M Agreements
- Grid Costs/Upgrades
- Screening Reports
- Infrastructure for Transmitting Heat/Electricity to nearby buildings
- Legal Fees
- Consultancy Fees

- Environmental Mitigation
- Transforming digestate from AD into other products
- Environmental Consultancy
- Secondary Gas Treatment
- Planning Consultancy
- Feedstock Storage
- Technical Studies
- Feasibility Assessments
- Pre-design Studies Community Engagement

Project approval period

The majority of spend should incur in the financial year it was awarded i.e. by 31 March 2021. Subject to budget confirmation, and where a need is demonstrated a proportion of the grant can be spend next financial year i.e. between 1st April 2021 and 31st March 2022. Grant offer letters will be issued for one year only 2020/21, and subject to Scottish Government confirming the budget for 2021/22, a further grant offer letter will be issued covering the expected spend in that year. Applicants should maximise all expenditure in year 1.

Claims

Finance is released against work carried out rather than a lump sum on approval. Funds are claimed against evidence of expenditure in the form of a receipted invoice, accompanied by evidence or copies of work undertaken and a CARES Claim Form.

Should it not be possible to pay costs in advance, you may alternatively submit evidence of lack of funds and the payment may be made in advance. This would require Local Development Officer approval and must be followed with a complete set of receipts as soon as these are available.

Claim Form:

- A claim form will be issued with your letter of offer.
- After each stage of work is completed you will be expected to complete and submit a CARES claim form.
- Claims are submitted to your Local Energy Scotland Development officer for processing.
- Claims will be processed within 10 working days of receipt of completed claim being received by Local Energy Scotland and agreed to be complete and accurate.