



1 April 2023

YORK & NORTH YORKSHIRE

Net Zero Fund



PROSPECTUS



Please Note: Activity undertaken at risk

York and North Yorkshire Net Zero Fund

Applicants should note that this process is being run at risk in order to maximise the preparedness of projects to deliver by March 2025.

Receipt of the £7m Net Zero Fund is subject to devolution progressing and a Mayoral Combined Authority (MCA) being created. Creation of the MCA requires a formal decision by both City of York and North Yorkshire Councils to progress devolution based on the results of the statutory consultation.

The statutory consultation ended on 16th December and the responses will be analysed and considered by both City of York and North Yorkshire Councils.

If City of York and North Yorkshire Councils approve the Mayoral Combined Authority Scheme following consultation, this scheme will then be subject to due diligence by Government and the creation, and passing, of an Order through Government.

All activity and expenditure, up to the order being passed by Government, is undertaken at the applicant's risk.

Net Zero Fund

£7m of funding to develop and deliver a pipeline of net zero projects.

Background

On 1st August 2022, a Devolution Deal between the Government and the local authorities of York and North Yorkshire was announced. This included the proposal to establish a York and North Yorkshire Mayoral Combined Authority (MCA).

As a Mayoral Combined Authority, the York and North Yorkshire Combined Authority will be awarded £7 million of funding across 2023/24 and 2024/25 to enable the area to drive green economic growth towards our ambitions to be a carbon negative region.

This prospectus sets out an opportunity to bid for this funding.

Initially, we are looking for proposals that will help to deliver this initial funding allocation. However, we would also like to build up a pipeline of further projects for future years, so we would still like to hear from you about potential future net zero projects.

Prior to the establishment of the York and North Yorkshire Combined Authority, the York and North Yorkshire Net Zero Fund will be administered on the behalf of the proposed Combined Authority by the York & North Yorkshire Local Enterprise Partnership.

The Purpose

The purpose of the York and North Yorkshire Net Zero Fund is to enable the development and delivery of net zero projects, aligned with York and North Yorkshire's Routemap to Carbon Negative.

This includes £1m of revenue funding and £6m of capital funding. The revenue funding will support the *development* of net zero projects, and the capital funding will enable the *delivery* of net zero projects.

1. Project Development Support

For the £1m revenue funding, supporting the development of projects will enable us to build an investible pipeline of projects that will make a significant contribution to delivering net zero, energy security and economic growth.

The fund will support project development, including project scoping, community engagement, feasibility studies and business case development.

2. Capital Grants for Project Delivery

The fund will enable the delivery of net zero projects that otherwise would not happen.

The fund will provide capital grants to deliver net zero projects.

For each fund, the prospectus sets out:

- The Purpose - including who can apply and types of eligible activities
- Assessment Criteria - including gateway criteria and wider assessment criteria
- The Process - including indicative timelines and how to apply



1 April 2023

Net Zero Fund Project Development Support

What is the York and North Yorkshire Net Zero Fund?

The Purpose - Project Development Support

The fund will support the development of net zero projects from initial propositions up to full business cases. This will enable us to build an investible pipeline of projects that will make a significant contribution to delivering net zero, energy security and economic growth.

Funding will support project development, including initial project scoping, feasibility studies and business case development up to investor-ready stage.

Who can apply for funding?

Grants are available to public and private sector bodies operating within York and North Yorkshire, who are wanting to develop **local net zero projects for communal or public benefit.**

Bodies include:

- Local Authorities and other public sector organisations
- Community Groups
- Charities
- Businesses

£1m of funding to support the development of net zero projects - from idea to investor-ready

What type of activities can be funded?

The funding is for **revenue** expenditure only, and can fund a range of interventions that support net zero project development up to, and including, business case stage.

Eligible revenue expenditure includes:

- Project scoping
- Community engagement
- Feasibility studies
- Business case development

Meeting Strategic Priorities

The Fund will contribute to the overall ambition for York and North Yorkshire to be a carbon negative economy. Projects must deliver on one or more strategic priorities within York & North Yorkshire's Routemap to Carbon Negative, across:

- Power
- Heat & Buildings
- Transport
- Business & Industry
- Land Use, Agriculture & Marine

See further details on the next page.

York & North Yorkshire's Routemap to Carbon Negative - Strategic Priorities

Power

1. Increase low carbon energy generation - including Solar PV, onshore wind, anaerobic digestion and hydropower
2. Improve energy infrastructure
3. Accelerate Carbon Capture, Utilisation & Storage (CCUS) deployment and ensure hydrogen readiness

Heat & Buildings

1. Retrofit buildings at scale to reduce energy demand
2. Phase-out fossil fuel use
3. Future-proof new buildings - including energy efficiency measures, low carbon heating solutions and bio based construction methods
4. Ensure hydrogen readiness

Transport

1. Increase active travel
2. Decarbonise and increase use of public transport
3. Enable the shift to low carbon vehicles - including shared ownership/mobility schemes, electric vehicles (EVs), electric bikes and other micro mobility devices
4. Enable cleaner logistics

Business & Industry

1. Improve energy and resource efficiency of business operations
2. Decarbonise heat and power supply - including electrification, fuel-switching to bioenergy, district heat networks and renewables installation
3. Develop cleaner logistics
4. Move towards circular business models and sustainable supply chains

Land Use, Agriculture & Marine

1. Improve productivity to reduce emissions - including low carbon technologies, improved management of rivers and streams, and creating resilient, sustainable food supply chains
2. Increase storage of carbon in our landscapes - including increasing regenerative agriculture, tree and hedgerow planting, restoring peatland
3. Enhancing marine and coastal ecosystems to improve carbon sequestration

Assessment Criteria - Project Development

Gateway Criteria

Every development activity and associated future project must:

- Support net zero (note 1)
- Provide communal or public benefit (note 2)
- Evidence the rationale for public sector intervention
- Be delivered and funding drawn down by 31st March 2025 (note 3)
- Must be located in York and North Yorkshire (note 4)

Other Assessment Criteria

Applications will also be assessed against the following criteria:

- 1. Regional Strategic Fit** Contribute towards the strategic priorities within York & North Yorkshire's Routemap to Carbon Negative, as outlined on the previous page. These strategic priorities are set out across the region's high-emitting sectors of Power, Heat & Buildings, Transport, Business & Industry, Land Use, Agriculture & Marine. Projects must support the delivery of at least one strategic priority. The full document can be found [here](#).
- 2. Local Strategic Fit** Show evidence of local support including alignment with Local Authority Climate Change Strategies (i.e. [York Climate Change Strategy](#), [North Yorkshire Council's Climate Change work](#)), Local Area Energy Plans and planning policy.
- 3. Impact** The future/long-term project should lead to substantial impacts, including: Greenhouse Gas (GHG) Emissions reduction or sequestration; low carbon energy generation; economic and social benefits (e.g. creation of high quality jobs, community wealth building).

- 4. Risks** Consider all risks and identify mitigating actions.
- 5. Deliverability** Be deliverable with a clear plan, capacity, expertise and additional funding (where required) in place to deliver the proposed project within the timescales of the fund.
- 6. Need for Intervention** Projects must address a market failure and provide a clear rationale why the project would not otherwise be delivered.

Compatibility with Other Funding

We encourage co-funding of schemes where the opportunity exists. Investments through this fund should always add the maximum value and this should be clearly proven and evidenced by the applicant. Early discussion with other funding bodies is needed to ascertain compatibility.

Notes

Note 1: Net zero refers to reducing greenhouse gas emissions, and achieving a balance between greenhouse gas emissions and greenhouse gas removals.

Note 2: Communal or public benefit means that the project must have a positive benefit to the public, and/or multiple organisations.

Note 3: We are also interested in building a pipeline of schemes for future funding rounds so would welcome Expressions of Interest for schemes with delivery outcomes beyond March 2025.

Note 4: York and North Yorkshire means the Local Authority areas of the City of York and North Yorkshire County.

The Process - Project Development

For the Project Development strand of the Net Zero Fund, applicants are invited to submit a full application by noon on Monday 6 February 2023.

All projects will be assessed and processed using HM Treasury Green Book Principles.

Indicative Timeline:

16 December 2022: Devolution Public Consultation Closed

3 January 2023: Launch of call for proposals

5 January 2023: Information Webinar for applicants

6 February 2023 (at noon): Net Zero Fund (project development) application closes

February 2023: City of York and North Yorkshire Councils consider the consultation responses and decide whether to proceed with devolution. If approved, the Mayoral Combined Authority Scheme will be submitted to Government.

Mid-March 2023: Assessment of proposals completed and agreed

End-March 2023: Notification to applicants of prioritised proposals decision

May/June 2023: Government due diligence complete and draft Order created

November 2023: Order passed by Government

December 2023: MCA created and funding from Government drawn down

December 2023: Funding Agreements issued

March 2025: Delivery complete

Applications will be assessed and presented to the Joint Committee for the proposed York and North Yorkshire Combined Authority for a decision.

Once approved the grant recipient will claim funding in arrears. Progress will be monitored against agreed contract and delivery milestones and outputs delivered.

How much can you apply for?

There is no set limit to the amount that can be applied for but it should be noted that there is £1m revenue funding available for project development.

How to Apply?

Complete an application form and return no later than noon (12:00hrs) on **Monday 6 February 2023** to the following email address: enquiries@ynylep.com



1 April 2023

Net Zero Fund Capital Grants for Project Delivery

What is the York and North Yorkshire Net Zero Fund?

The Purpose - Capital Grants for Project Delivery

The fund will enable the delivery of net zero projects that otherwise would not happen. Projects will support the implementation of York and North Yorkshire's Routemap to Carbon Negative, York's Climate Change Strategy and the forthcoming North Yorkshire Council's Climate Change Strategy.

Who can apply for funding?

Grants funding is available to public and private sector bodies within York and North Yorkshire who are wanting to **deliver local net zero projects for communal or public benefit** (subject to the production of a strong and compliant Business Case).

Bodies include:

- Local Authorities and other public sector organisations
- Community Groups
- Charities
- Businesses

£6m of funding to unlock the delivery of net zero projects

What type of activities can be funded?

The funding is for **capital** expenditure only, and can fund a range of interventions that unlock the delivery of net zero projects that otherwise would not happen.

Eligible capital expenditure could be:

- Installation of renewable energy generation
- Grid connection
- On site infrastructure
- Low carbon equipment/machinery
- Capacity to support any of the capital delivery activity detailed above where it is directly attributable to the creation or maintenance of a capital asset

Meeting Strategic Priorities

The Fund will contribute to the overall ambition for York and North Yorkshire to be a carbon negative economy. Projects must deliver on one or more strategic priorities within York & North Yorkshire's Routemap to Carbon Negative, across:

- Power
- Heat & Buildings
- Transport
- Business & Industry
- Land Use, Agriculture & Marine

See further details on the next page.

York & North Yorkshire's Routemap to Carbon Negative - Strategic Priorities

Power

1. Increase low carbon energy generation - including Solar PV, onshore wind, anaerobic digestion and hydropower
2. Improve energy infrastructure
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Heat & Buildings

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Assessment Criteria - Project Delivery

Gateway Criteria

Every project must:

- Support net zero (note 1)
- Provide communal or public benefit (note 2)
- Evidence the rationale for public sector intervention
- Be delivered and funding drawn down by 31st March 2025 (note 3)
- Must be located in York and North Yorkshire (note 4)

Other Assessment Criteria

Projects will also be assessed against the following criteria:

- 1. Regional Strategic Fit** Contribute towards the strategic priorities within York & North Yorkshire's Routemap to Carbon Negative, as outlined on the previous page. These strategic priorities are set out across the region's high-emitting sectors of Power, Heat & Buildings, Transport, Business & Industry, Land Use, Agriculture & Marine. Projects must support the delivery of at least one strategic priority. The full document can be found [here](#).
- 2. Local Strategic Fit** Show evidence of local support including alignment with Local Authority Climate Change Strategies (i.e. [York Climate Change Strategy](#), [North Yorkshire Council's Climate Change work](#)), Local Area Energy Plans and planning policy.
- 3. Impact** Show evidence of expected impacts of the project, including: Greenhouse Gas (GHG) Emissions reduction or sequestration; low carbon energy generation; economic and social benefits (e.g. creation of high quality jobs, community wealth building).

- 4. Risks** Consider all risks and identify mitigating actions.
- 5. Deliverability** Be deliverable with a clear plan, capacity, expertise and additional funding (where required) in place to deliver the proposed project within the timescales of the fund.
- 6. Need for Intervention** Projects must address a market failure and provide a clear rationale why the project would not otherwise be delivered.

Compatibility with Other Funding

We encourage co-funding of schemes where the opportunity exists. Investments through this fund should always add the maximum value and this should be clearly proven and evidenced by the applicant. Early discussion with other funding bodies is needed to ascertain compatibility.

Notes

Note 1: Net zero refers to reducing greenhouse gas emissions, and achieving a balance between greenhouse gas emissions and greenhouse gas removals.

Note 2: Communal or public benefit means that the project must have a positive benefit to the public, and/or multiple organisations.

Note 3: We are also interested in building a pipeline of schemes for future funding rounds so would welcome Expressions of Interest for schemes with delivery outcomes beyond March 2025.

Note 4: York and North Yorkshire means the Local Authority areas of the City of York and North Yorkshire County.

The Process - Project Delivery

All schemes will be assessed and processed using HM Treasury Green Book Principles.

The process consists of two stages:

Stage 1: Identifying a pipeline of projects

All potential schemes will need to complete an initial Expression of Interest form. This will be assessed, scored and prioritised based on the principles set out in the Assessment Criteria. This prioritised list will form the pipeline. A reserve and longer term pipeline will also be developed.

Stage 2: Business Case Development

Advice and guidance will be provided to applicants on the prioritised pipeline to develop their schemes to produce high quality, compliant business cases. At Full Business Case application stage, all applicants will be required to obtain and submit a full UK subsidy control regime assessment provided by a solicitor.

Full Business Cases will be assessed and presented to the Joint Committee for the proposed York and North Yorkshire Combined Authority for a decision.

Once approved, the grant recipient will claim funding in arrears. Progress will be monitored against agreed contract and delivery milestones and outputs delivered.

Indicative Timeline:

16 December 2022: Devolution Public Consultation Closed

3 January 2023: Launch of call for proposals

5 January 2023: Information Webinar for applicants

6 February 2023 (at noon): Net Zero Fund (project delivery) Expression of Interest closes

February 2023: City of York and North Yorkshire Councils consider the consultation responses and decide whether to proceed with devolution. If approved, the Mayoral Combined Authority Scheme will be submitted to Government.

Mid-March 2023: Shortlisting of prioritised proposals agreed

End-March 2023: Notification to applicants of prioritised proposals decision

May/June 2023: Government due diligence complete and draft Order created

31 May 2023: Full Business Case Submission (close)

July/August 2023: Full Business Plan approved for funding

November 2023: Order passed by Government

December 2023: MCA created and funding from Government drawn down

December 2023: Funding Agreements issued

March 2025: Delivery complete

The Process

How much can you apply for?

There is no maximum limit to the amount that can be applied for although it should be noted that there is a total of £6m available within the fund. The minimum application level is £250,000.

How to Apply?

Complete an Expression of Interest (EOI) form and return no later than noon (12:00hrs) on **Monday 6 February 2023** to the following email address: enquiries@ynylep.com



Future Opportunities

Although the main purpose of this call is to identify eligible and deliverable projects within the parameters set out by the initial funding, we are also interested in longer term opportunities to develop future programmes to support net zero projects across York and North Yorkshire.

Therefore, even if you do not have a scheme that would meet the Net Zero Fund criteria or timelines, we would still like to hear from you. Please use the forms to submit your potential proposal.

We are keen to hear about future opportunities



Contact for more details:

Any queries, please email:

enquiries@ynylep.com