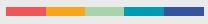


# Mayoral Investment Fund

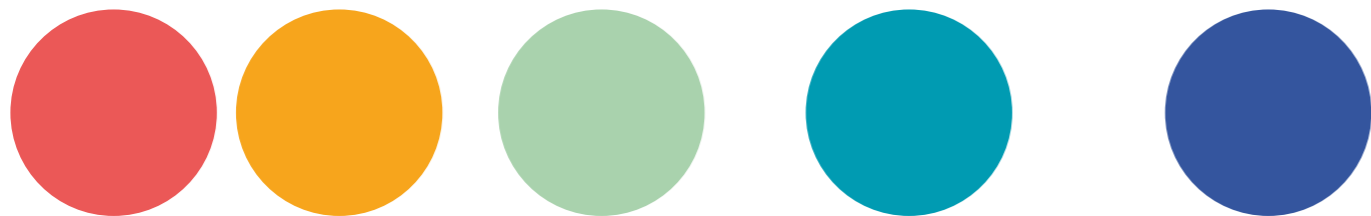


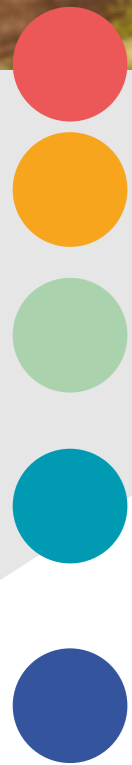
# Carbon Negative Challenge Fund



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# Foreword

from Mayor  
David Skaith

I am delighted to welcome applications to the Carbon Negative Challenge Fund.

The Mayoral Investment Fund is devolution in action. Devolution enables regions to govern more effectively for their communities; utilising local insight and taking a collaborative approach to place regions at the heart of all decision-making.

As part of York and North Yorkshire's devolution deal, a Mayoral Investment Fund worth £540 million was agreed over a 30-year period. The Mayoral Investment Fund will deliver on York and North Yorkshire Combined Authority's local growth priorities and align with my vision as Mayor.

Funds have been designed to overcome major challenges and encourage growth. Those who play an integral part in our economy are aware of the barriers, but they are also the key drivers who have the resilience, resourcefulness and confidence to make us prosper as a region.

In July 2024, I announced plans for four funds worth up to £27.5million over four years. These are the **Vibrant and Sustainable High Streets Fund, Carbon Negative Challenge Fund, Skills Innovation Fund and Business Innovation Fund.**

Since being elected as Mayor and following on from July's announcement, I have had the privilege of meeting with

our diverse communities who make our region unique. It has been important to take the time to listen and understand the challenges that our local economy faces. This feedback has been invaluable and helped to shape the direction of funds that will make a real difference.

I have listened, understood the concerns, and now it is time to deliver.

York and North Yorkshire has a unique set of challenges due to our rural, urban and coastal setting. However, with challenge comes great opportunity, and I want to support the innovation, talent and collaborative spirit that we possess as a region. We are distinct in York and North Yorkshire, that's why we do things differently.

My vision is for York and North Yorkshire to be made up of healthy and thriving communities that are connected to opportunity. The creation of these funds will ensure that support is bespoke to our region's needs.

In York and North Yorkshire, our businesses, homes and infrastructure have seen the impact of climate change first-hand through flooding, storms and extreme weather. My vision as Mayor clearly sets out a goal of delivering our target of being net-zero by 2034. We are determined to lead the way nationally and are steadfast in

our commitment to becoming England's first carbon-negative region by 2040.

To help achieve this, I've launched the Carbon Negative Challenge Fund to support projects that pilot innovative solutions to decarbonisation.

The following prospectus will provide information on why the Carbon Negative Challenge Fund was identified, along with key milestones, how to apply and what happens next.

We look forward to receiving applications and I would like to thank you for taking the time for applying to this fund.





# Background

## Why the Carbon Negative Challenge Fund has been identified

### Overview of Context

In York and North Yorkshire, we have the potential to go beyond net zero and become England's first carbon negative region. With 2 National Parks, 3 National Landscapes and over 70% of our geography being used for agriculture, we are uniquely positioned to use our natural assets to capture and store carbon. As a leader in decarbonisation and world

class innovation assets, we can harness the economic opportunities of the transition, creating jobs and attracting investment to the region.

**The Carbon Negative Challenge Fund (CNCF)** is looking to unlock key challenges in reaching net zero by 2034 and carbon negative by 2040. This programme builds on the work achieved through Y&NY's £7m **Net Zero Fund**, and tackle particularly challenging areas to decarbonise and accelerate the implementation of York and

North Yorkshire's Routemap to Carbon Negative.

This fund includes two programmes: (1) **The Carbon Negative Challenge Fund – Call for Projects** and (2) **Energy Generation Accelerator Programme (EGAP)**.

### The Carbon Negative Challenge Fund: Call for Projects

The **CNCF: Call for Projects** seeks to fund pilot approaches to decarbonisation that will inform future approaches and open pathways for the region to reach carbon negative by 2040. The Fund will support the development and delivery of projects that can unlock carbon savings, increase carbon sequestration, and support climate Adaptation. Projects must be innovative in nature; for example, trialling new approaches or technology, serving as a "demonstrator" project that others can be replicated, or projects that will enable systems change across the region. This is intended as the most impactful way that this

fund can deliver for the region's ambition to reach carbon negative.

The open call for projects that are being invited to primarily deliver projects in 4 key challenge areas.

- **Scaling Up Sustainable & Regenerative Agriculture;**
- **Retrofit Finance and innovative approaches to placed-based heat decarbonisation;**
- **Community Energy and Circular Economy Demonstrators; and**
- **Innovative approaches to increase carbon sequestration in marine and coastal areas.**

The initial call for projects is earmarked for £5m in the initial funding round split between revenue and capital projects. These projects will deliver up to Autumn 2027. If the fund receives quality submissions, then it could allocate more funding up to a maximum available of £7m.

### Energy Generation Accelerator Programme (EGAP)

The **Energy Generation Accelerator Programme (EGAP)** aim is to unlock the region's ability to deliver renewable energy. This revenue fund will look to tackle the challenges to delivering renewable energy through a series of work packages investigating barriers and solutions. It will also develop feasibility studies and business cases for renewable energy projects.

This will be a closed programme delivered in conjunction with Local Authorities and the National Parks. Although closed, stakeholders' views and collaboration will be sought throughout the programme. This programme is set out in more detail at the end of the prospectus. This also includes information on how to register interest in being involved in the programme at a later stage.



# Carbon Negative Challenge Fund: Call for Projects



# What will the programme fund?

## Revenue

The Purpose: Support for projects & region to decarbonise

- The fund will support the development of net zero projects from initial propositions up to full business cases.
- Funding will support project development, including initial project scoping, feasibility studies and business case development up to investor-ready stage.
- Funding would also support supportive actions – e.g., innovative approaches to support community groups

or businesses to take climate action.

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.

Bodies include:

- Local Authorities and other public sector organisations
- Community Groups
- Charities
- Businesses
- Collaborative applications (i.e. with more than one applicant) are welcomed.

## Capital

The Purpose: Capital Grants for Project Delivery

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

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** (subject to the production of a strong and compliant Business Case).

Bodies include:

- Local Authorities and other public sector organisations
- Community Groups
- Charities
- Businesses
- Collaborative applications (i.e. with more than one applicant) are welcomed.



# About the fund

## Strategic Fit

The Carbon Negative Challenge Fund is looking for projects that can accelerate the region's ability to reach carbon negative by 2040. This will be through demonstrators and projects that tackle one of the four challenge areas.

As stated in the background to the fund we are looking for projects that can reduce emissions and increase resilience to climate change but also for projects that have a wider impact on the regions ability to tackle climate change. This means we are looking for projects that can have a **direct impact**, as well as a wider **regional impact**.

- **Direct Impact** means that the project will support or deliver direct greenhouse gas emissions savings or sequestration and/or support climate adaptation.

- **Regional Impact** is showing how a project can influence the wider region's ability to tackle climate change and catalyse action to deliver future climate action. This could be shown through how a project engages with regional stakeholders to share learnings through demonstrators or provide wider objectives through delivering "unproven concept" projects that enable wider regional climate action. Unproven is defined as using a technology, working arrangement, financial model and/or technique that has not been used regularly. Unproven may include proven technologies abroad or outside of York and North Yorkshire that have not received backing in the region and would benefit from a demonstrator in York and North Yorkshire.



## Challenge Areas

The following "challenge areas" have been identified through reviewing where we are making slow progress to reduce GHG emissions and deliver York and North Yorkshire's Routemap to Carbon Negative:

## Scaling Up Regenerative and sustainable agriculture

Agriculture is a key part of York and North Yorkshire's economy, with over 70% of the region's land being used for farming and we have 4 times higher proportion of agriculture businesses than the national average.

Farmers face rising input costs, reduced subsidies and are already experiencing the impacts of climate change, alongside pressures to reduce Greenhouse Gas (GHG) emissions. The sector accounts for a nearly a third of the region's emissions and due to the complexity of changes required and lack of funding is slow to decarbonise. Regenerative agriculture and other sustainable farming practices present an opportunity to decarbonise the sector, boost nature recovery and improve profitability for farmers.

We know there are pockets of best practice within the region, research underway, new funding models being tested and growing interest from both food manufactures and farmers around regenerative agriculture and other sustainable farming practices.

*So, how can regenerative and other sustainable agriculture practices be scaled up in the region to deliver GHG emissions reductions and other environmental improvements, alongside delivering economic and social benefits?*





## Retrofit Finance and innovative approaches to placed-based heat decarbonisation

Retrofit is a one of the key sectors to tackle emissions with domestic building emissions accounting for 18% in the region. Central Government has prioritised funding retrofit schemes on a means tested basis to help tackle fuel poverty, such as Home Upgrade Grant 2 (HUG2) and Local Authority Delivery (LAD). There has been limited funding or other incentives provided to households or businesses that are not eligible for such schemes. With high upfront costs for “whole building” retrofit and slow returns in relation to energy bill savings, financing retrofit remains a key barrier to reaching our region’s ambitious carbon reduction goals.

*So, how can innovative financial solutions be brought forward to enable wider uptake of retrofit in the region?*

Linked to the challenge financing retrofit, decarbonising heat remains a key challenge in the area due to vastly rural nature of North Yorkshire, and the historical nature of York’s built environment. There has been evidence of projects delivering heat networks across the UK but these are often in dense urban areas or with large business offtakers. Heat networks offer a potential to decarbonise heat in a cost-effective manner for residents and businesses but the conditions in York and North Yorkshire have limited their impact in our region.

*So, how can placed-based solutions to decarbonise heat be deployed in the region to accelerate decarbonisation of the built environment?*

2

## Community Energy and Circular Economy Demonstrators

The transition to renewable energy is a key part of the CA’s local growth plan and national governments push to decarbonise the grid. This has often been undertaken through large infrastructure projects, such as large solar farms. This can give the impression that renewable energy is being imposed on areas and communities, but through Community Energy projects the benefits of renewable energy transition can be brought to local communities. Often though the technical skills required to deliver energy projects can be lacking in communities which presents issues to delivery, alongside the legal and financial challenges. This means community energy can be difficult to deploy, particularly in areas that can’t access expertise to assist with delivery.

*So, how can deployment of community energy be accelerated across the region and involve harder to reach communities?*

Currently, most of the production of physical goods is linear, with the lifecycle comprising of extraction, production, use and disposal. Circular economy approaches can reduce resource use and reduce associated emissions, but similarly to community energy projects can be difficult to deploy. These difficulties can be due to the complexities of supply chains and the technical knowledge required to deliver effective projects. This doesn’t just extend to communities but also to businesses and industrial areas. This means circular economy approaches are lacking across the region and potential options not explored

*So, how can more places come together to deliver circular economy projects across the region?*

3





## Innovative approaches to increase carbon sequestration in marine and coastal areas

York and North Yorkshire has a large coastal area with great potential to sequester carbon, but it is a relatively poorly understood area. National research suggests that the coastal environment is an important area to assist with tackling the climate crisis. There are also potential co-benefits alongside sequestration with improving ecosystems along the region's coastline. There is an opportunity in the North Yorkshire coastal region through protection and enhancement of the current marine ecosystem but there is also the potential to gain sustainable economic benefits that provide additional sequestration.

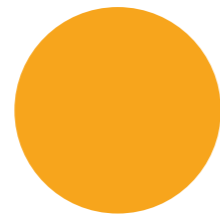
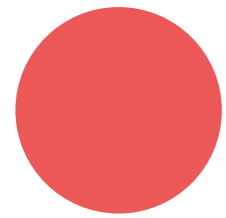


*So, using innovative approaches, how can current marine ecosystem be protected and enhanced to sequester carbon and provide sustainable economic growth?*

## Projects Outside the Challenge Areas

Projects that do not meet the challenge areas are also welcome to apply and their strategic fit will be tested against the priority areas identified in the Routemap to Carbon Negative. A summary of the routemap priorities has been created and is linked [here](#) and in the appendices.





# Programme objectives

Key outputs and outcomes

## Overview

The programme seeks to enable delivery of: (1) direct impact through emission reductions or sequestration, and climate change adaptation measures; and (2) indirect impact through catalysing climate action across the region.

### Direct Impact: Reduction in greenhouse gases emissions & adaptation

All projects must seek to reduce greenhouse gases emissions in the atmosphere through mitigating future emissions, or directly sequestering greenhouse gases. Projects should also consider how they help to prepare York and North Yorkshire for the impacts of climate change.

All projects should contribute to **objective one** and/or **two**. Projects can also contribute to objective three.

1. Decrease in Greenhouse Gas (GHG) emissions;
2. Increase the sequestration of GHGs in Y&NY; and
3. Improved climate change adaptation.

### Regional Impact: Catalysing climate action

Projects must also have a wider impact beyond direct emission reductions or adaptation measures, by catalysing regional climate action. Projects could do this by using systems thinking or system change approaches, and consideration of how they can influence other stakeholders.

All projects should contribute to one or more of the following objectives:

- Build the evidence base for optimal interventions to direct future policy and programmes;
- Provide demonstrator projects that generate interest, action and build momentum;
- Test “unproven concepts” and support replication or scalability where appropriate;
- Support the development of a pipeline of investable projects;
- Provide tools/ resources/ guides to disseminate learnings and enable wider action; and
- Strengthen the ability of communities, businesses and other organisations to take climate action.





# Funding opportunity and requirements

## Who can apply?

This programme is open to any organisation with legal status that can receive funding. This may include local authorities, public sector organisations, higher and further education institutions, private sector companies, voluntary organisations and registered charities.

## Funding available

The total funding available for projects is **£7million**.

The initial funding pot available to access is expected to be **£5m** between Summer 2025- October 2027.

This is an initial intention but if **all of the funding can be allocated** to projects **then this may happen**.

This has an indicative split of allocation of **£4m capital funding** and **£1m revenue funding**, with some flexibility to meet the applications received.

## Revenue Funding – Estimated £1m available

Match funding is a requirement for this fund, and you can apply for up to **80% funding for revenue projects**.

Maximum Total Project Cost: £312.5k (£250k from CNCF)

Minimum Project Cost: £20k

**Match Funding is acceptable in the following forms:**

- Funding from other sources – eg central government funding, lottery funds etc (but not other Y&NY Mayoral Investment Fund)
- Internal Funding
- In kind contribution through time spent (**up to 50% of the match**):
  - This will be monitored throughout the programme, via timesheets and defrayal payslips.
  - Any shortfall will be asked for as a cash contribution.

**For Example:**

**Total Project Cost** = £100k

**CNCF Funded** - £80k

**Match** - £20k (**Maximum in kind** = £10k)

*Charitable/community groups can apply for a higher percentage of funding – This will require a clear justification and evidence of the gap in funding and why it is not possible to provide the match funding. This will be capped at total contribution from CNCF, therefore for revenue projects this will be £250k.*

We will consider application based on requested funds and the application as it is received. There will be no opportunity to scale investment after an application has been submitted.

## Capital Funding – Estimated £4million available

Match funding is a requirement for this fund, and you can apply for up to **60% for capital projects**.

**Maximum Value of Project:** £2.5m (£1.5m from CNCF)

**Minimum Value of total Project:** £250k (£150k from CNCF)

**Match Funding is acceptable in the following forms:**

- Funding from other sources – eg central government funding, lottery funds etc (but not other Y&NY Mayoral Investment Fund) Internal Funding
- In kind contribution through time spent (**up to 10% of the match**):
  - This will be monitored throughout the programme, via timesheets and defrayal payslips.
  - Any shortfall will be asked for as a cash contribution.

**For Example:**

**Total Project Cost** = £1m

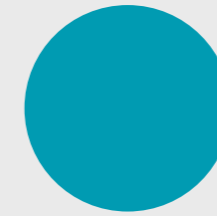
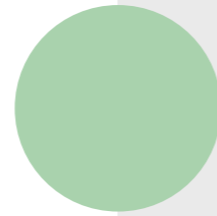
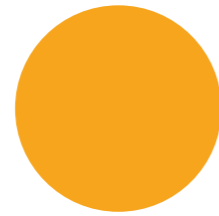
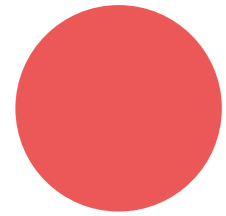
**CNCF Funded** - £600k

**Match** - £400k (**Maximum in kind** = £40k)

*Charitable/community groups can apply for a higher percentage of funding – This will require a clear justification and evidence of the gap in funding and why it is not possible to provide the match funding. This will be capped at total contribution from CNCF, therefore for capital projects this will be £1.5m.*

We will consider application based on requested funds and the application as it is received. There will be no opportunity to scale investment after an application has been submitted.





# Eligible activity and expenditure

## Revenue Funding

### Eligible Costs

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

### Ineligible expenditure includes:

- Costs related already running/funded (Business as Usual or already planned to be introduced in 2025/2027)
- Costs related to other works outside of the project being funded (including in kind contributions)

## Capital Funding

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

### Ineligible expenditure includes:

- Routine or already planned maintenance

- Purchase of equipment not related to the CNCF
- Revenue projects



# Process and indicative timelines

## Revenue Funding

Milestone	Date
Prospectus Launch & Applications Open	Wed, 05 Feb 25
Webinar Session	Feb 2025
Applications Close	Fri, 04 Apr 25
Application assessed	Apr-May 2025
Internal Approval	Jun-Jul 2025
Full Fund Announced	Jul/Aug 2025
Grant Funding Agreements	Aug-Sep 2025
Delivery of Projects	Sep 2025 – Oct 2027
Evaluation	Oct – Dec 2027



# Process and indicative timelines

## Capital Funding



Milestone	Date
Prospectus Launch and Pre-Applications Open	Wed, 05 Feb 25
Webinar Sessions	Feb 2025
Pre-Application Closes	Fri, 21 Mar 25
Pre-Application Assessed	Mar 2025
Full Application Open*	Tue, 01 Apr 25
Full Applications Closes*	Fri, 30 May 25
Full Applications assessed	May-Jun 2025
Internal Approval	Jun-Jul 2025
Full Fund Announced	Jul/Aug 2025
Grant Funding Agreements	Aug-Sep 2025
Delivery of Projects	Sep 2025 – Oct 2027
Evaluation	Oct – Dec 2027

\*The timescales for the full applications are advisory and may change based on programme demand.

# How will applications be assessed?

All submitted applications will be scored against a consistent appraisal framework. All applications and scoring will be presented to an agreed panel of internal and external experts, before being presented to the Combined Authority with recommendations for approval and sign-off.

## Gateway Criteria

1. Projects will be assessed against **minimum gateway criteria**, any project that does

not meet this criteria will not be assessed further.

2. The Projects must:
  - Deliver or support GHG emissions savings
  - be located in York and North Yorkshire
  - address one of the four challenge areas, or one of the priorities in the Routemap to Carbon Negative

## Assessment Criteria

For the appraisal of applications, HM Treasury's 5 Cases methodology will be followed to ensure that applications demonstrate the strategic, economic, financial, commercial and management case for investment. This will require applicants to:

1. Explain and evidence the **Need** for the project: Projects must address a market failure and provide a clear rationale for why the project would not otherwise be delivered.
2. Explain and evidence the **Strategic Fit** with the programme objectives: Projects will be assessed against the highlighted challenge areas (further information is provided in

the additional information packs). Projects not meeting these challenges will be assessed against their ability to deliver Y&NY's Routemap to Carbon Negative strategic priorities, which is summarised in the appendices.

3. Explain and evidence the positive **Impact** the project will have and explain how measurable outputs and outcomes will be achieved. Any added value the project will achieve to maximise the public benefit from the grant funding should be described too. Direct and regional impact will be considered, including consideration of how collaboration working will maximise impact and how the project has been designed to provide benefits beyond the lifetime of the funded projects (i.e., project

legacy).

4. Provide an accurate and reasonable breakdown of **Project Costs** and demonstrate **value for money**.
5. Explain how the project will be **Deliverable** in full within the timeframe: Projects must 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. Key risks should be identified and mitigated.
6. Explain who will be **Managing the project**, which partners will be collaborating, and their track record of delivery. The extent of partnership working will be a key consideration for appraisal.





# Requirements for successful applicants

For successful applications, applicants will receive a grant offer letter and the process of contracting to enter into a funding agreement will begin. The grant offer letter and funding agreement will set out expectations on successful applicants to:

- Agree to data sharing protocols consistent with GDPR policy and procedures of the Combined Authority
- Adhere to Branding and Publicity guidelines which will be issued by the Combined Authority
- Participate in providing monitoring information, focused on the reporting of expenditure, outputs and outcomes
- Participate in Evaluation activities. This will be proportionate to the scale and scope of the project. For larger projects, there may be greater expectation on applicants (to provide case study material, to conduct surveys, to analyse value for money, etc.) over and above the reporting of outputs and outcomes.
- Participate in networking meetings alongside other successful applicants to help capture and communicate impact
- Evidence that any outstanding conditions have been met or permissions secured, e.g. planning or highways approvals
- Agree a schedule for payment of the grant that enables the project to be delivered effectively.



A close-up photograph of a person's hand holding a black and gold fountain pen, poised to write on a document. The document features a table with columns of data and a bar chart below it. The background is softly blurred, showing a desk with a small potted plant and another pen.

# Appendices

## For all programmes

- York and North Yorkshire Combined Authority - **Economic Framework**
- York and North Yorkshire Combined Authority - **Mayor's Vision**
- **Guide to developing the Project Business Case** – Chapter 2 outlines HM Treasury's 5 Cases Methodology
- **UK subsidy control regime: statutory guidance - GOV.UK**

## For the Carbon Negative Challenge Fund

- **York and North Yorkshire Routemap to Carbon Negative (Summary Document)**
- **York and North Yorkshire Local Area Energy Plans (LAEPs)**



## About the fund

# Energy Generation Accelerator Programme

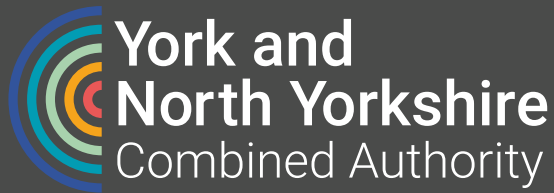
£2 million

The Energy Generation Accelerator Programme (EGAP) is part of the Carbon Negative Challenge Fund. This programme has been pulled together to enhance York and North Yorkshire's transition to renewable energy. This is a key part of national governments objective to reach a net zero grid and is also one of the region's growth priorities. The intention is to prepare the region for additional funding opportunities that may arise from central government, the city leap accelerator or other funding opportunities.

The programme looks to establish a strategic position for the CA, and will deliver in 4 priority areas:

Understanding the energy landscape in York and North Yorkshire	This will look at future opportunities and working with the public sector and communities to understand barriers and options for breaking these down.
Project Development Support: Feasibility studies & Business Cases	Delivering feasibility and business cases in the region.
Future Technological Options	Research into future opportunities in delivering sustainability in the region.
Finance Innovation	Investigation into financial delivery models for energy projects and how this can unlock projects in the region.

The Combined Authority will work initially with the Local Authorities and National Parks to deliver this programme, but stakeholders will be consulted as part of the work to bring in communities and businesses. The programme will be undertaking stakeholder mapping sessions through the year. There is a form on the YNYCA website that will enable you to register your interest in being involved in the programme.



### Carbon Negative Challenge Fund Prospectus

[enquiries@yorknorthyorks-ca.gov.uk](mailto:enquiries@yorknorthyorks-ca.gov.uk)  
[yorknorthyorks-ca.gov.uk](http://yorknorthyorks-ca.gov.uk)

York and North Yorkshire Combined Authority  
County Hall  
Racecourse Lane  
Northallerton  
DL7 8AD

### About us

The York and North Yorkshire Combined Authority has been created by the City of York Council and North Yorkshire Council and is a legally recognised, single body. Our role is to use some of the money and powers, that up to now have been held by central government, and work with local leaders and communities to invest in ways that will help to make York and North Yorkshire a better place for you to live, work and do business.