



## RURAL COMMUNITY ENERGY FUND

# Rural Community Energy Fund – Guidance Notes

## Background

The Rural Community Energy Fund (RCEF) is being delivered by the five Local Energy Hubs in England on behalf of the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (Defra).

Clean renewable energy generation at community level is beneficial both to the community and the wider environment. By reducing dependence on fossil fuel based energy generation communities can secure future energy supply, gain protection from rising fuel costs and duties and reduce the risk of fuel poverty. Income from renewable projects can be used to provide benefits to the community, create jobs, and promote social cohesion.

The Fund aims are to:

- Support rural communities – by helping them to maximise the income generating potential of renewable energy and put this to work locally;
- Increase the uptake of community and locally owned renewable energy, to support the Government's targets for renewable energy and carbon reduction; and
- Promote rural growth, job creation and volunteering opportunities – to enable communities to access the economic benefits associated with renewable energy schemes.

The Fund will achieve its aims by removing the barriers to investment, which is currently seen to be preventing the development of community scale projects, such as the up-front costs associated with gaining planning permission, designing a scheme and providing evidence of technical feasibility. It does this by providing funding to community organisations to establish the feasibility of and develop the business plan for a renewable energy facility. Currently the cost of exploring feasibility and developing an investment ready business plan is high and finance for this is not readily available in the commercial market.

## RCEF offers support to eligible communities in two stages:

### Stage 1 – Feasibility Grant

For those communities at an early stage of exploring the possibility of a renewable energy project, and which meet the Fund's eligibility criteria, this stage offers grants of up to a maximum of **£40,000** to cover consultancy and professional costs for the development of a feasibility report in a standard format.

The work undertaken at this stage should provide an initial report into the feasibility of developing a specific project.



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### Stage 2 – Full Business Planning Grant

For projects that demonstrate a good chance of securing planning permission and being implemented, the Local Energy Hubs will consider further development funding of up to £100,000 to be made available to cover more detailed investigation into the key areas of technology selection. This includes securing a site (legal fees for example), environmental impact assessments, submitting planning applications, permitting applications and developing a full investment business plan.

**NB: This guidance is for applications to Stage 1 – Feasibility Grants. If your project is at a more advanced stage and you wish to apply directly for the development grant scheme, please contact your Local Energy hub.**

### Stage 1 – Feasibility Grants

#### Who can apply?

Funding support will be available to rural community organisations in England.

#### Eligibility

##### Rural Communities

RCEF is available to rural communities in England that represent a rural community of fewer than 10,000 residents.

Communities applying to the fund should form a legal entity in order to receive public funds and demonstrate the support of the wider community for the project.

For the purposes of the Fund we use the ‘Office of National Statistics’ (ONS) definition of a rural community as a settlement of fewer than 10,000 residents. [Defra’s Magic Map](#) will show you if the postcode of your project is based in a rural area.

Applications from organisations located in a different geographical location from that of the infrastructure to be developed will be considered provided they can demonstrate:

- The support of the community in proximity to where the infrastructure will be located.
- That the income and benefits generated will flow to the community where the infrastructure will be located.

#### Community Organisations

In order to receive funds applicants must have formed a legal entity which provides benefit to the community. For the purposes of RCEF, the Local Energy Hubs will accept applications from suitable legal entities, for example:

- Registered company
- Community Interest Company (CIC)
- Co-operative
- Community Benefit Society (Bencom)
- Local Community Groups in partnership with a Local Authority
- Registered Social Landlord
- Charitable Incorporated Organisation (CIO)
- Development Trust

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- Registered society (pre 2014 IPS)
- Parish or town council
- Faith Group

Local authorities are not eligible for RCEF; however, they can support or partner community groups who wish to apply.

The RCEF funds are for community groups and for the benefit of the community. Applications for joint ventures can be accepted and reviewed on a case-by-case basis, but it is required that the community organisation are the key participants and own at least 50% of the project.

### Notes:

If you have not yet formed an eligible community legal entity, please consider whether you would be able to set up an eligible community legal entity. It may be possible for you to work with an existing community group to develop your project, as long as the community benefits go to the community where the project will be located.

## What can be funded?

Stage 1 funding is intended to be used to secure the provision of professional services to undertake a feasibility study. There is a template for this study to be used by the community in order to maintain a consistency of approach, please see supporting document **Stage 1 Feasibility Report Structure**.

### Stage 1 feasibility grants

Stage 1 feasibility grants are intended to be used to secure the provision of professional services to undertake a feasibility study, funds can be used for:

- Technical feasibility assessment (for example structural surveys, assessing the feasibility of grid connections)
- Community engagement activities and/or stakeholder engagement
- Assessment of planning issues
- Getting permission from the site landowner if necessary
- Support to complete applications for permits, licenses and consent from legal or technical specialists
- Financial viability or business case assessments

The grant can also be used for legal advice and registration fees related to the proposed project; project management costs and other costs associated with the above. It is not for the purchase of capital equipment and cannot be used to cover costs incurred prior to the grant offer.

Whilst we expect most applications to be for early stage project work, organisational set up and project planning, applications can still be submitted for projects that are more advanced. The amount of feasibility funding made available for projects that focus on innovation, will reflect the level of innovation and replicability in that project. Innovative projects will be assessed on a case by case basis.

Applicants must demonstrate 'additionality', that the proposed work could not proceed without this funding.



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By the end of the grant stage, you should know whether your project is likely to be feasible, because you should have been able to determine the following:

- Technical feasibility will have been done to a reasonable level, indicating suitability
- Potential grid connection issues will be understood, indicating no major problems
- Some community consultation will have been carried out, indicating no major opposition
- A legal agreement for your use of the site will have been established with the landowner
- Potential planning issues for the site will be understood
- An outline business plan for the next stages of the project, costs and activities that may be supported by a development grant will have been developed.

By a 'reasonable level' we mean that the work done should be proportional to the technology, scale and site chosen.

If you have achieved all the points above (assuming work is recent enough and the assumptions within the business plan are still valid) you should apply for a Stage 2 development grant.

### Stage 2 development grants

Stage 2 grants are to be used to support planning applications and develop a robust business case so projects are investment ready. Please see Stage 2 Guidance notes for further information.

### Technology

Applicants must be planning the installation of a renewable or low carbon energy facility. Below are example technologies which may be considered for RCEF:

- Anaerobic digestion (AD)
- AD (biogas) fuelled heat network
- Bio liquids/gas/fuels
- Biomass heat network
- Heat pumps
- Hydropower
- Solar (photo voltaic)
- Solar (thermal)
- Wind turbines
- Multi-technology approaches
  - Energy efficiency, storage, grid services and demand management can be considered in bundled approaches on a case-by-case basis.

If you have not yet selected a preferred technology, you may use a small part of this grant to review the suitability of a range of technologies. As the Fund is designed to take a specific project through to investment, the grant must be used to investigate a specific technology and site and applications will not be accepted that are simply a review (scoping study) of options.

The scale of projects eligible for funding will vary according to technology type. In general terms, projects should:



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- Require planning permission and significant pre-planning development
- Generate energy for multiple buildings (or export the equivalent to the grid).
- Single community buildings are eligible for RCEF if they are exporting the equivalent back to the grid, the funds generated from this must be used for wider community benefit. We will also consider single buildings that generate their own energy, and export excess to other buildings, for example, in the case of heat networks. Single buildings that generate energy purely for their own consumption, with no export back to the grid, would not be eligible. Applications for installations on multiple individual community buildings as part of one project will be accepted and reviewed on a case-by-case basis.

### Community benefit and support

Community energy groups have an important role, as well as delivering renewable or clean energy schemes or energy efficiency projects, they raise local awareness of energy and climate emergency issues and the benefits of saving energy and generating clean and local energy. The benefits of the work done by community energy groups are significant and can include:

- reducing energy costs for buildings in community use
- increasing public awareness of energy issues and changing attitudes and behaviours related to energy use
- providing advice to those in fuel poverty
- providing financial contributions to community benefit funds
- stimulating the local economy, including through the development and dissemination of new skills and training opportunities
- reducing carbon emissions.

Applicants must be planning a renewable energy project which provides a defined benefit to the community where the installation is based. Projects should be truly community led. Applicants must be able to demonstrate that a good level of community engagement has been carried out, that there is community support and explain what plans exist for ongoing community engagement. This is critical in obtaining planning permission and may be critical to raising funds and/or attracting a customer base depending on your financial model.

### Procurement of contractors

You will need to provide your brief and quotes from experienced professionals for undertaking the feasibility work with your application, a minimum of three quotations is expected. As part of your brief to the contractors, you must include the **Stage 1 Feasibility Report Structure** document as a guide to feasibility study expectations.

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.

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



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You will need to ensure the service provider you have chosen to carry out the feasibility work has the appropriate skills and experience. The Local Energy Hubs reserve the right to decline an application if it is considered that the service provider does not have the appropriate skills and experience to undertake the work, or if their proposal does not adequately cover all aspects of the Feasibility Report Structure.

We will look for:

- A comprehensive proposal covering all aspects of the Feasibility Report Structure.
- A demonstrable track record of experience and/or qualifications in the relevant field. This may be demonstrated by their professional accreditation, CV, case studies, testimonials etc.
- Professional indemnity insurance of over £1m to cover your community for the investment of time and money you will be making on the basis of their advice.
- Value for money: The grant award falls under the remit of public funds, therefore we need to ensure projects that we support have demonstrated value for money. We strongly recommend that applicants seek to obtain three quotations from contractors who have the relevant experience and skills to deliver the feasibility project.
- Assurance that your selected contractor has appropriate financial experience to put together the required financial plans required for the project.

The selection of contractors must be undertaken through a transparent procurement process. Potential contractors must not be involved in the development of tender documents or the collation, evaluation and selection of proposals or have access to proposals from other bidders.

The Local Energy Hubs reserve the right to reject applications where the procurement of contractors has not met these requirements.

If you, as a community organisation, are going to undertake any of the activities yourselves and are requesting grant funds towards this, you will need to submit a quote detailing the activities and costs and include this in the application form along with a justification for undertaking these activities in-house. The Local Energy Hubs reserve the right to reject applications that do not provide a clear justification for this.

We will need to know whether your selected contractor(s) has/have any personal or business relationships, for example with your community organisation or technology supplier, which might influence their advice.

If you are in any doubt about procurement rules, please contact the Local Energy Hub - RCEF team for clarification.

### VAT

You may be required to pay VAT on purchases you make as part of your project. You must only include VAT in the amount you request from us if you cannot claim it back from HM Revenue and Customs. If you later find that you can recover VAT that we have included in our grant, these funds must be returned to us.

### Requirements of all projects

RCEF funding projects must share outcomes and findings to benefit local energy generation in England.



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Any intellectual property (IP) must be shared with the Local Energy Hub and BEIS. All partners contractors involved in the project must be in agreement with this obligation.

To facilitate sharing of information resources developed whilst undertaking the feasibility project, that have the potential to support the wider sector, will be hosted on the Community Energy England website and branded accordingly. The applicant organisation(s) will also be credited for their work.

All material produced, publicly undertaken or events delivered must adequately acknowledge the assistance of the RCEF.

Monthly updates and spend forecasts for the Local Energy Hub will be required.

### Approvals

Any applications considered by the Local Energy Hub to be incomplete, of insufficient quality, unclear in aims, or that are not considered to meet the objectives will be rejected.

Projects with match funding are welcome but it is not a requirement of the fund.

Final decisions on applications to be grant funding will be made with the Local Energy Hub Board's Funding Panel and there is no right of appeal.

### Application Process

#### Enquiries

If you are considering an application or have a general enquiry you should contact your Local Energy Hub.

The RCEF Project Officer and/or Energy Hub Project Managers can provide support to help you develop your application.

Projects which have not contacted their Local Energy Hub prior to submitting an application will not be considered for funding.

#### Applications

Application forms should be fully completed, with supporting documents and a word version emailed to your Local Energy Hub.

#### Assessment Process

Applications will be appraised by the Local Energy Hub RCEF Manager who will complete an appraisal form assessing the application. Your application will then be assessed by an independent panel in each Local Energy Hub area. Where appropriate the Local Energy Hubs reserve the right to consult with sister Local Energy Hubs and / or independent experts. The





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decision of the Independent Panel is final and there is no right of appeal on any funding decision although you will be provided with feedback and could be invited to re-apply.

Applicants will be informed of the outcome of applications within 3 weeks of the Funding Panel meeting.

### Project approval period

Any award(s) of funding will be made subject to your acceptance of the funding terms and conditions.

The terms are non-negotiable and attempts to, and proposals for, changes may result in your application being rejected.

### Claims

Finance is released against stages of work, rather than a lump sum on approval. Funds can be claimed in advance of expenditure for each stage of work. However, further funds will not be released until satisfactory completion of the tasks for each stage of work, accompanied by evidence or copies of work undertaken, receipted invoices and a RCEF Claim Form.

### Claim Form

A Claim Form will be issued with your offer letter.

At each stage of work you will be expected to complete and submit a RCEF Claim Form.

Claims are submitted to your Local Energy Hub for processing.

Claims will be processed within 10 working days of receipt of completed claim being received by your Local Energy Hub and agreed to be complete and accurate.

### Payment of Grant

Grant will be transferred to your account via BACs once we receive your signed form and have completed our checks. This process may vary between the Local Energy Hubs.

Please note: a maximum of £40,000 per project will be awarded.

### Project Completion

Important: On completion of your project we will require you to submit your feasibility report to the Local Energy Hub for review prior to your final payment to your contractor. Evidence of all expenditure such as invoices, receipts and proof of payment are also required. Should you have any grant funds remaining on completion of your project these must be returned to the Local Energy Hub.





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### Timescales

Deadline for submissions	9 <sup>th</sup> September 2019
Applicants informed	18 <sup>th</sup> October 2019

### Applicants' checklist:

Your application will need to include the following information:

#### **Your brief**

Please include the invitation to tender or brief that you sent to prospective applicants.

#### **Quotations**

Quotations should be obtained by sending a brief to potential contractors which includes the Feasibility Report Structure. Delivery of the Feasibility Report Structure should be considered when assessing quotations. Please note; we cannot accept applications without quotations. This includes for any work that you plan to undertake yourselves. We will require you to provide a justification for your selection within your application.

#### **CV of person(s) you have chosen to deliver feasibility project**

You will need to demonstrate that the person(s) you have chosen to deliver the work has the relevant experience (including financial experience) to carry out the feasibility study. We will require a copy of their CV and details of any similar work they have carried out previously.

#### **Governing Document – required for unregulated organisations**

Your governing document sets out in writing how your organisation is structured, what it is set up to do and how it does it. It may be called a number of things, such as a constitution, set of rules or trust deed. We also do not require this from statutory authorities such as parish councils.

#### **Copy of your Annual Community Interest Report**

If you are a registered Community Interest Company, please provide a copy of your most recent Annual CIC report.

#### **Financial Accounts**

If your organisation has been formed for 12 months or more please provide a copy of your most recent financial accounts which must be signed by the most senior representative within your organisation or by your accountant or auditor. If your organisation has been formed within the last 12 months please record your current and anticipated income stream(s) in section 2.8 on the application form.

If your application is successful



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If your application is successful, we will contact you with an offer in principle and to confirm the organisation's bank details. We will have asked for these on letter headed paper with the application. You will then be asked to sign and accept terms and conditions of the grant and confirm that the information within your application is correct.

Important: You must not start your project until we have received, checked and approved the signed offer letter and any other additional documents we may request.

### Verifying bank details

We require Grant Recipients to have their own UK-based bank account. To minimise the risk of improper use of grant funds, we require there to be two authorised signatories on the account for all cheques and withdrawals including internet purchases. Account signatories must not be related or live at the same address.

So that we can verify your account details, we will also require you to provide an original bank statement which must have all pages included and must not be more than three months old. If you are a new organisation that has only recently opened your account we will require you to obtain a letter from your bank confirming when the account was opened, your account details and the names/addresses of the account signatories.

Important: We will require original documents. On completion of our checks the original documents will be returned to you via secured post. If you are unable to provide originals we will require copies that must be stamped and certified as true copies by your Bank or Building Society.

Once we have received your signed form back and completed our final checks we will notify you of when you may proceed with the project.

## Local Energy Hub Contact Details

**Applications are taken on an open basis with a quarterly deadline, which will be set by your Local Energy Hub.** The Local Energy Hubs have project managers available to discuss your application and answer any questions you may have. If you would like to apply for RCEF, or have any queries, please contact the relevant Local Energy Hub for your area for more information.

North East- [rcef@teesvalley-ca.gov.uk](mailto:rcef@teesvalley-ca.gov.uk)

North West- [team@localenergynw.org](mailto:team@localenergynw.org)

Midlands- [michael.gallagher@nottinghamcity.gov.uk](mailto:michael.gallagher@nottinghamcity.gov.uk)

South West- [swenergyhub@westofengland-ca.gov.uk](mailto:swenergyhub@westofengland-ca.gov.uk)

South East- [info@energyhub.org.uk](mailto:info@energyhub.org.uk)

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### Local Energy Hub regions

The Local Energy Hubs are split by Local Enterprise Partnership (LEP) regions. Please find below detail on which Hubs cover which LEP areas:

#### **North East Yorkshire and Humber:**

- Tees Valley Combined Authority LEP
- North East LEP
- Leeds City Region Enterprise Partnership
- Humber Local Enterprise Partnership
- Sheffield City Region LEP
- York, North Yorkshire and East Riding Enterprise Partnership

#### **North West:**

- Cumbria Local Enterprise Partnership
- Greater Manchester LEP
- Liverpool City Region LEP
- Cheshire and Warrington LEP
- Lancashire Enterprise Partnership

#### **Midlands:**

- D2N2 (Derby, Derbyshire, Nottingham, Nottinghamshire) LEP
- Stoke-on-Trent and Staffordshire Enterprise Partnership
- The Marches Local Enterprise Partnership
- Worcestershire LEP
- LLEP (Leicester and Leicestershire Enterprise Partnership)
- Black Country LEP
- Coventry and Warwickshire LEP
- Greater Birmingham and Solihull LEP
- Greater Lincolnshire LEP

#### **South West:**

- Swindon and Wiltshire LEP
- West of England Combined Authority
- Cornwall and Isles of Scilly LEP
- Heart of the South West LEP
- Dorset LEP
- GFirst (Gloucestershire) LEP
- Solent LEP

#### **South East:**

- Cambridgeshire and Peterborough Combined Authority
- New Anglia Local Enterprise Partnership
- Herts (Hertfordshire) LEP
- Buckinghamshire Thames Valley LEP
- OxLEP (Oxfordshire) LEP



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- SEMLEP (South East Midlands LEP)
- Coast to Capital LEP
- South East Local Enterprise Partnership
- Enterprise M3 LEP
- Thames Valley Berkshire LEP
- LEAP (London Economic Action Partnership)

If you have any doubts over which LEP area you are in, please follow [this](#) link to see a map of LEP boundaries.