# Local Net Zero Capacity & Development Fund

# Fund Overview

The **Local Net Zero Capacity & Development Fund** (‘the Fund’) comprises £1 million in grant funds managed by South West Net Zero Hub (‘the Hub’), to be awarded in 2024.

This fund is being launched alongside a free **investment readiness assessment service** to help projects become fully prepared for investment, with realistic financial plans.

**Funding available**

**Who can apply?**

Funding is available to **Tier 1 and Tier 2 local authorities** (unitary, county, district and borough level) **and combined authorities** within South West England and the Solent area ([click for map](https://www.swnetzerohub.org.uk/wp-content/uploads/2023/05/24266_SWNZH_map_LEAs_plus_partner_logos-scaled.jpg)). Partnerships are encouraged but not required. Local and combined authorities may formally partner with each other to apply. Other project partners from the public, private and community sectors are encouraged, but will not be party to the formal grant agreement, and applicants’ internal procurement rules will apply for onward funding.

*(For community-led project grants, please refer to the* [*Community Energy Fund*](https://www.swnetzerohub.org.uk/what-we-do/community-energy/)*.)*

**What activities does the Fund support?**

Initiatives supported by the Fund will align with one or more of the following priorities:

* Heat decarbonisation
* Buildings decarbonisation (public and housing)
* Local renewable energy generation
* Green hydrogen
* Electric vehicle charging infrastructure
* Place-based approach/Net Zero places (multi-vector and technology)
* Electricity network constraint solutions and innovation
* Net Zero spatial planning
* Place-based green finance

This funding has been designed to provide local authorities with additional capacity and skills to help enable the pace of change needed to meet local and national Net Zero ambitions.

There are three types of grant available, each with a separate application form:

* **Local Capacity Grant** – up to **£25,000** per local or combined authority (up to a total of £100,000 per consortium application) to make tangible progress towards a Net Zero capital project(s) in the priority areas listed above (total funding pot: £300,000)
* **Project Development Grant** – up to **£100,000** per application (for both individual authority and consortium proposals, regardless of consortium size) to progress Net Zero capital projects that are demonstrably feasible but have stalled at later stages of development (total funding pot: £450,000)
* **Strategic Development Grant** – up to **£100,000** per application (for both individual authority and consortium proposals, regardless of consortium size) to address or unlock a key barrier or opportunity in the region (total funding pot: £250,000)

Please note that not all Fund priorities are relevant to each Grant. The relevant priorities are listed on each Grant form.

You may receive funding from more than one Grant type, and you can apply to more than one Grant type in the same funding round. However, you will not receive multiple grants from the same Grant type, and you cannot be part of more than one live application per Grant type in each funding round (including consortium bids).

**How can grants be spent?**

Grants can be spent on revenue funding. This includes staff salaries – both for existing posts and new roles – as well as pension contributions, staff expenses and equipment. It also can include consultancy fees and statutory fees (e.g. permits, planning). It does not include overheads, such as contributions to general office running costs. (This restriction on overhead funding does not apply to onward awards to informal partners.)

Grants must be spent within 12 months of award.

We strongly encourage that projects engage local community organisations in solutions; this will score more highly during assessment. Local authorities may also work with the private sector to increase opportunities for future commercial investment.

Grants can be shared directly with other local and combined authority partners. If you intend to work with community or private sector partners, onward funding from the grant must be compliant with the lead applicant’s own subsidy control and procurement rules. Private and community sector partners cannot be formally included in grant awards.

**Note on subsidy control:** We believe that the majority of the activities that we intend to support through these grants will be non-economic in nature and therefore funding for them will not represent a subsidy. However, it is possible that a smaller set of activities that this funding could be used for would be assessed as being economic in nature. Where your application includes these activities, we will need to discuss them further with you.

**Is match funding required?**

Match funding will help improve your score in the assessment process, but only the Project Development Grant requires match funding There are no restrictions on where match funding comes from, and it can include other central government funding. Additional and new funding will score higher, as will match funding from private and community sources.

**Before you apply:**

Before applying for any of these Grants, you are advised to complete a Pre-application Enquiry Form. This form is the same for all three Grants. It is not compulsory.

You can contact the Hub for advice on your application at any point during the application process. The Fund is intentionally broad to give flexibility, so please do check with us if you are unsure whether your idea is within scope *before* completing any forms.

LNZCDF@westofengland-ca.gov.uk

**Grant details**

**Local Capacity Grant**

This grant is intended to offer flexible support to a broad range of initiatives that fall under the Fund priorities listed above and ultimately lead to the development of a capital Net Zero project. Match funding is not required, but the provision of match funding will improve scoring through the assessment process.

Funding of up to £25,000 per local or combined authority is available, and can be spent on revenue costs but *not* capital costs (built infrastructure).

Consortium applications are welcome with multiple local or combined authority partners; however, consortium applications are limited to £100,000. Consortium applicants can request up to £25,000 per eligible local (Tier 1 or 2) or combined authority partner.

**Project Development Grant**

This grant is intended to boost the number of Net Zero capital projects in the region. We want to support projects that have already established a business case and technical feasibility, but have stalled due to further development costs, such as planning fees, legal fees, grid connection fees, need for procurement support or securing investment. A key requirement is that the grant from the Hub is likely to lead to the project achieving capital delivery. This grant will require a **1:3 ratio of match funding** (25% from other sources).

Funding of up to £100,000 per application is available, and can be spent on project revenue costs but *not* capital costs (built infrastructure).

Consortium applications are welcome with multiple local or combined authority partners; however, all applications are limited to £100,000 within a Tier 1 or combined authority area. This does not prevent or affect separate bids being made from different authorities within a Tier 1 or combined authority area.

**Strategic Development Grant**

This grant is intended to further strategic knowledge, understanding, collaboration and regional capacity building, and to help address or unlock a key barrier or opportunity in the region. It has **no match funding** requirement.

Funding of up to £100,000 per application is available, and can be spent on revenue costs.

Consortium applications are welcome with multiple local or combined authority partners; however, all applications are limited to £100,000 within a Tier 1 or combined authority area. This does not prevent or affect separate bids from different authorities within a Tier 1 or combined authority area.

Applicants will be required to deliver Strategic Development Grant projects in partnership with the Hub. This will help us ensure strategic work across the region is complementary and learnings are shared. We will allocate up to 20 days of Hub support to each project, and encourage you to discuss with us, prior to applying, how these days could be used.

We particularly welcome strategic projects addressing:

* Grid innovation to unlock local renewable generation and low carbon heat projects
* Innovation (e.g. policy and/or guidance) to enable the delivery of projects that have carbon and nature co-benefits e.g. generation and biodiversity
* Local energy purchasing and supply
* Public/third/private sector partnerships to enable faster/greater local delivery
* Innovative approaches to community and local authority financial partnership models

**Investment readiness support**

Alongside the Fund, the Hub is offering a free **Net Zero project investment readiness assessment service**. All local and combined authorities in our region can access this service, regardless of whether they are applying for a grant or not.

Local and combined authorities can apply for relevant projects (or project portfolios) to be assessed by the Hub team, who will review project finances and any outstanding work required for external investment. This will include:

1. Assessment of any further technical and due diligence works required
2. Commercial business case review
3. Cashflow analysis
4. Benchmarking against external funder requirements

This process should provide a helpful roadmap for local authority projects seeking external financing options. It can also act as a critical friend financial audit for council Net Zero projects progressing through a more traditional internally funded route.

We encourage, but do not require, all **Local Capacity Grant** and **Strategic Development Grant** recipients to make use of the service.

Recipients of a **Project Development Grant** will be required to engage with this process as part of the grant terms, if not already completed. We encourage completion prior to applying for funding, but will also allow applicants to complete this process during the application assessment or post-award if necessary, to ensure that the service does not hold up funding applications.

**Application process**

Please contact the Hub at the earliest opportunity if:

* You are unsure whether your idea is eligible
* You wish to involve us in project delivery (including all Strategic Development Grant applications)
* You have any questions that are not answered in this document or the relevant form

If you want us to complete a Net Zero project investment readiness assessment, you can contact us directly at any time, or request this in your Pre-application Enquiry Form.

**Pre-application enquiries** are not compulsory, but can help us guide you towards a stronger application. Please email your form to LNZCDF@westofengland-ca.gov.uk. There are no deadlines for this, and you can expect to hear from us within two weeks. Please ensure you leave yourself enough time to meet the upcoming application deadline, as we cannot guarantee a quicker response.

**Funding applications** will be considered following the deadline published on our website. We expect grants to be competitively awarded and will only award to high-quality projects.

Additional funding rounds may be set if there is still funding left over. We will advertise any new deadlines and remaining fund amounts for each Grant on our website.

Applications will initially be assessed by the Hub staff. The highest scoring and most recommended projects will then be presented to the Hub’s Board for a funding decision, with final sign-off by West of England Combined Authority as the Hub’s Accountable Body. Final awards may be offered in full, as partial awards or with conditions.

You will receive feedback on your submission. Unsuccessful applications can be resubmitted to future funding rounds, if funds are still available, provided the resubmission addresses key feedback. We want projects to succeed, and are happy to provide advice to help you get your proposal grant-ready.

**Contact**

You can get in touch with the Hub about this fund by email:

**Email:** LNZCDF@westofengland-ca.gov.uk

Our website and LinkedIn page provide more information on Hub activities and services:

**Website:** <https://www.swnetzerohub.org.uk/>

**LinkedIn:** <https://www.linkedin.com/company/south-west-net-zero-hub/>