



Department
for Environment
Food & Rural Affairs



Department for
Business, Energy
& Industrial Strategy



Rural Community Energy Fund (RCEF)

Stage 1 - Feasibility Grants Guidance Document (Version 16.1)



Background

The Rural Community Energy Fund (RCEF) is being delivered by WRAP on behalf of the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (DBEIS).

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;
- Make progress against the Government’s target to increase renewable energy generation, and promote community-owned renewable schemes; and
- Promote rural growth and job creation – 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 are 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 **£20,000** 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.

Stage 2 – Full Business Planning Loan

For projects which demonstrate a good chance of securing planning permission and being implemented, WRAP will consider further funding with an unsecured loan of up to £130,000 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.

For projects which achieve planning permission and attract capital investment the loan will be repayable, with a premium, once finance has been secured. If the project cannot, for genuine reasons, be taken forward then loans may be written off.

NB: This guidance is for applications to Stage 1. If your project is at a more advanced stage and you wish to apply directly for further funds through the loan scheme, please see the separate guidance for Stage 2.

Stage 1 – Feasibility Grants

Who can apply?

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

Rural Communities

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. We will consider applications where the community is larger than this but is within a local authority area which is classified by the ONS as predominantly rural, with over half the population living in a rural area. Based on the 2001 Census, the following local authorities are predominantly rural:

Allerdale	Isles of Scilly	South Hams
Aylesbury Vale	King’s Lynn and West Norfolk	South Holland
Babergh	Lewes	South Kesteven
Bassetlaw	Lichfield	South Lakeland
Braintree	Maldon	South Norfolk
Breckland	Malvern Hills	South Northamptonshire
Central Bedfordshire	Melton	South Oxfordshire
Cheshire East	Mendip	South Somerset
Chichester	Mid Devon	St. Edmundsbury
Copeland	Mid Suffolk	Staffordshire Moorlands
Cornwall	Mid Sussex	Stratford-on-Avon
Cotswold	Newark and Sherwood	Stroud
Craven	North Devon	Suffolk Coastal
Daventry	North Dorset	Tandridge
Derbyshire Dales	North East Derbyshire	Teignbridge
Dover	North Kesteven	Tendring
Durham	North Lincolnshire	Test Valley
East Cambridgeshire	North Norfolk	Tewkesbury
East Devon	North Somerset	Tonbridge and Malling
East Dorset	North Warwickshire	Torridge
East Hampshire	North West Leicestershire	Uttlesford
East Lindsey	Northumberland	Vale of White Horse
East Northamptonshire	Purbeck	Waverley
East Riding of Yorkshire	Ribble Valley	Wealden
Eden	Richmondshire	West Devon
Fenland	Rother	West Dorset
Forest Heath	Rushcliffe	West Lancashire
Forest of Dean	Rutland	West Lindsey
Hambleton	Ryedale	West Oxfordshire
Harborough	Sedgemoor	West Somerset
Herefordshire County of	Selby	Wiltshire
High Peak	Sevenoaks	Winchester
Horsham	Shropshire	Wychavon
Huntingdonshire	South Bucks	
Isle of Wight	South Cambridgeshire	

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 from WRAP, applicants must have formed a legal entity providing benefit to the community. For the purposes of RCEF we will accept applications from the following:

- Community Interest Company (CIC)
- Industrial Provident Society (IPS) such as co-operatives
- Parish council
- Registered social landlord
- Charity
- Development trust
- Faith group

Notes:

1. Local Authorities are **not** eligible for RCEF as the fund is aimed at community groups rather than local government. However they can support or partner community groups who wish to apply to the fund.
2. Applications from Limited Companies will also be considered on a case by case basis, as long as it can be demonstrated that the local community will benefit.

If you have not yet formed an eligible community legal entity, see Q2 of [Frequently Asked Questions](#) on the RCEF Website.

What can be funded?

Stage 1 funding is intended to be used to secure the provision of professional services to undertake a feasibility study. WRAP provides a template for this study to be used by the community in order to maintain a consistency of approach. At Stage 1 the funds can be used for:

- Technical or planning consultancy fees;
- Accountants' and solicitors' fees;
- Project management costs; and
- Community engagement activities.

The grant is not for the purchase of capital equipment and cannot be used to cover costs incurred prior to a grant offer.

Technology

Applicants must be planning the installation of a renewable or low carbon energy facility. The facility must utilise a commercially recognised renewable energy technology. Below is a list of the technologies we will accept for the purposes of RCEF. If your financial model is likely to rely upon income from FITS (Feed in Tariff schemes), RHI (Renewable Heat Incentive) or another government incentive then please check that your preferred technology is eligible for the relevant scheme.

- Anaerobic digestion (AD)
- AD (biogas) fuelled heat network
- Bio liquids/gas/fuels
- Biomass heat network
- Heat pump: Air source
- Heat pump: Ground source
- Heat pump: Water source
- Hydropower
- Solar (photo voltaic)
- Solar (thermal)
- Wind turbines

Please note that some technologies will require consideration of relevant government guidance: [solar guidance](#), [wind guidance](#), [hydro guidance](#).

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.**

Community benefit and support

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. **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.** You will need to ensure the service provider you have chosen to carry out the feasibility work has the appropriate skills and experience. WRAP reserves the right to decline an application if we consider 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.** WRAP reserves 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. WRAP reserves 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 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.

Application and Decision Process



Timescales for applying

Applications are taken on an open basis with no set deadline. WRAP has project managers available to discuss your application and answer any questions you may have. Please contact a member of the RCEF Team by e-mail on renewables@wrap.org.uk

Applications will be reviewed by WRAP with final funding decisions made by the Defra and DBEIS.

Applicants' checklist:

Your application will need to include the following information:

1. Your brief

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

2. 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.

3. 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.

4. 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. If you are a registered charity or registered company you are already regulated therefore we do not require this. We also do not require this from statutory authorities such as parish councils.

5. 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.

6. 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 2.16 on the application form.

If your application is successful

If your application is successful we will contact you with an offer in principle and to request the organisation's bank details. You will then be asked to sign and accept terms and conditions of the award 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.

Payment of Grant

Grant will be transferred to your account via BACs once we receive your signed form and have completed our checks.

Please note: a maximum of £20,000 per project will be awarded.

Project Completion

Important: On completion of your project we will require you to submit your feasibility report to WRAP 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 WRAP.

De minimis aid

Funding under this programme falls under the remit of de minimis State Aid. (EU Commission Regulation 1407/2013). This may allow an enterprise to receive up to €200,000 (cash grant equivalent) over a 3-year fiscal period. The sterling equivalent is calculated using the Commission exchange rate applicable on the written date of offer of the de minimis funding.

To establish whether you are eligible to receive de minimis aid you must declare the full amount of de minimis aid which the single undertaking¹ has already been granted during the previous two fiscal years and the current fiscal year. Potentially any assistance you may have received from a public body might be a de minimis aid. This could be from central, regional, devolved governments or agencies or a local council. The limit applies to aid received by your company in the UK or if you are part of a group to your parent company. If this is the case it may be more practical for you to get this form completed by your parent company. If your own company is a parent to subsidiary companies, then you must include the de minimis aid received by your subsidiaries in the UK in this declaration.

The new regulation (Commission Regulation 1407/2013) can be found in full at http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Forms of possible aid

The following is not a comprehensive list of all possible forms of aid. However, it should give you an indication of common forms of aid:

- State grants;
- interest rate relief;
- tax relief;
- tax credits;
- State guarantees or holdings;
- State provision of goods or services on preferential terms;
- direct subsidies;
- tax exemptions;
- preferential interest rates;
- guarantees of loans on especially favourable terms;
- acquisition of land or buildings either gratuitously or on favourable terms;
- provision of goods and services on preferential terms;
- indemnities against operating losses;
- reimbursement of costs in the event of success;
- State guarantees, whether direct or indirect, to credit operations preferential re-discount rates;
- dividend guarantees;
- preferential public ordering;
- reduction of, or exemption from, charges or taxes, including accelerated depreciation and the reduction of social contributions;
- deferred collection of fiscal or social contributions;
- assistance financed by special levies.

Please note, there are current restrictions for de minimis support for following sectors/activities which are subject to special procedures and require permission of DEFRA:

- Fisheries
- Transport Sector
- Import/Exporting activities.
- Agriculture, other than marketing of processed products.

You should have received a letter informing you if you were given assistance under the de minimis regulation. If you are not sure whether or not any public assistance you have received is de minimis aid, please contact the body which granted the assistance to clarify this and/or seek legal advice. Within the application form you will be required to declare any previous de minimis funding support.

¹ "**Single undertaking**" includes, for the purposes of the Regulation, all enterprises having at least one of the following relationships with each other:

- a) one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) one enterprise has the right to exercise a dominant influence on another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) one enterprise which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Please send your completed application form, together with associated documentation to:

renewables@wrap.org.uk