



European Union



The Scottish
Government
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EUROPE & SCOTLAND

European Regional Development Fund

Investing in a Smart, Sustainable and Inclusive Future



**TRANSPORT
SCOTLAND**
CÒMHDHAIL ALBA

Low Carbon Travel & Transport Smart Ticketing Challenge Fund - STCF

Guidance Notes

ERDF LCTT Smart Ticketing Challenge Fund Application

GUIDANCE DOCUMENT

1. Introduction

We are offering ERDF Challenge Funding of 40% to match funding provided by Local Authorities, Regional Transport Partnership (RTP) organisations and other public bodies throughout Scotland who wish to upgrade smart ticketing equipment on tendered passenger transport services operating in their areas to fully functioning ITSO version 2.1.4 equipment or to upgrade existing ITSO version 2.1.4 equipment with cEMV (contactless) or other smart payment or ticketing add ons.

The funding is being made available from Transport Scotland's European Regional Development Fund (ERDF) Low Carbon Travel and Transport (LCTT) Smart Ticketing Challenge Fund. The Challenge Funding is intended to encourage interoperable smart ticketing and as a result encourage modal shift to lower carbon emission modes of transport. The applications put forward for consideration of funding from the LCTT Smart Ticketing Challenge Fund will be checked for eligibility prior to being progressed to assessment.

1.2 ERDF LCTT background

Of the overall LCTT Smart Ticketing operation, funding of up to £1.5m has been allocated from the ERDF 2014-2020 to form the Smart Ticketing Challenge Fund. This is specifically to support the development of upgraded smart ticketing electronic ticket machines and electronic payment technology across Scotland, aimed at increasing the number of journeys made by public transport.

The LCTT Smart Ticketing Challenge Fund will provide funding to public local authorities and RTP organisations looking to upgrade smart ticketing equipment on tendered passenger transport services operating in their areas.

Projects supported under the ERDF 2014-2020 programme, will be required to demonstrate how they contribute towards key interoperable smart ticketing outcomes in a local area. Projects should also address and integrate one or more of the 'horizontal themes' identified for the ERDF 2014-2020 programme. These horizontal themes are: environmental sustainability, social inclusion and equal opportunities.

In terms of scale, total eligible project costs are anticipated to be set at a maximum of £375k. In order to attract ERDF support, applicants will be required to match fund a minimum of 60% of the eligible project costs.

Fuller details on the ERDF Smart Ticketing programme are available [online](#).

2. Applications For Funding

2.1 Eligible organisations

The Challenge Fund is available to Local Authorities, RTP organisations and other public bodies that demonstrate they meet basic ERDF eligibility requirements, to

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pursue interoperable smart ticketing through upgrading smart ticketing equipment on tendered passenger transport services operating in their areas.

Those in the public sector only are eligible to apply. The private sector, individuals and sole traders are not eligible to apply.

The self-assessment checklist, provided at Section 2 in the application form, is intended to help organisations to decide whether they should proceed with an application.

2.2 What can the Challenge Fund support?

Eligible organisations can apply for up to £150k from the Challenge Fund towards projects with eligible costs of up to £375k to upgrade smart ticketing equipment on tendered passenger transport services operating in their areas to fully functioning ITSO version 2.1.4 equipment or to upgrade existing ITSO version 2.1.4 equipment with cEMV (contactless) or other smart payment or ticketing add ons.

It is a pre-requisite to have secured the 60% clean (i.e. public funds that have not originated in any way from Europe or from the Sustainable Transport Unit in Transport Scotland) match funding for your proposal prior to applying, the Application Form asks that you identify if this is the case and to provide further details of the source of this funding.

The Challenge Fund support can only be used to upgrade smart ticketing equipment on tendered passenger transport locally; and specifically, to contribute towards interoperable smart ticketing.

Ownership of the assets procured with the Challenge Funds must be retained by the public sector organisation and arrangements be in place for transfer from one operator to another when the tendered services transfer.

There is no restriction on the number of applications for Challenge Funds that may be submitted by an individual public sector organisation. However, if submitting more than one application, applicants are asked to list them in order of priority to assist Transport Scotland in deciding how to award funding, should the Challenge Fund be over-subscribed.

Successful applicants for the ERDF Challenge Fund will be expected to fulfil the delivery of the full scope identified within the application.

The Challenge Fund can only support capital costs.

2.3 Timetable

The Smart Ticketing Equipment Challenge Fund will support proposals where activity will be instigated and delivered by the 31 March 2018 and where grant can be claimed by 30 June 2018.

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Successful applicants will be required to submit a summary report to Transport Scotland, setting out key outputs and findings from their work.

Action	Dates
Challenge fund opens for applications	20 Nov to midnight 15 Dec 2017
Applicant notification	by 21 Dec 2017
Activity complete	31 March 2018
Grant drawdown complete	30 June 2018 <i>*see below</i>
Final report to Transport Scotland	31 December 2018

** Please note if you are utilising match funding from the 2017/18 financial year all expenditure should be defrayed by 31 March 2018).*

3. Assessment process

Challenge Fund applications will be subject to a two-stage process comprising:

- Basic eligibility check
- Panel assessment

3.1 Basic eligibility check

To be eligible for the Challenge Fund, the following eligibility criteria must be met;

- the applicant will be a public sector organisation
- activity funded by the Challenge Fund will only cover capital costs
- activity funded by the Challenge Fund will be complete by 31 March 2018.

3.2 Panel assessment

A team from Transport Scotland will carry out an assessment of eligible applications using the following key criteria;

- The project objectives and expected outcomes and their fit with the aims of the ERDF Smart Ticketing programme (including a contribution to additional commercial smart journeys by December 2019). *(You will be asked to monitor and report against these objectives throughout the lifetime of the project);*
- Fit with low carbon transport priorities, activities and key interoperable smart; ticketing outcomes in a local area;
- Has the applicant justified the need for the activity in relation to the beneficiaries or organisations being targeted;
- Does the applicant provide evidence that there is a demand for the activity;
- Have the applicants read and understood the National Rules [National Rules](#) ;
- Can they demonstrate there is a need for grant;
- What is their track record in delivering similar activities and achieving results;
- Does the proposed activity have any state aid implications; and
- If the activity involves procurement has the applicant conformed to the Procurement Rules.

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If your application meets these criteria, we expect to offer you grant. However, in the event of over-subscription, funding will be awarded at the discretion of Transport Scotland.

4. Submitting an application

Please email the completed Smart Ticketing Challenge Fund application form to the [Smart Ticketing Challenge Fund mailbox](#) by no later than **midnight on the 15 December 2017**. Once your application is submitted, you will receive an acknowledgement email. If you do not, please contact us immediately.

5. Further information

5.1 Useful links

[Transport Scotland LCTT programme](#)

<http://www.transport.gov.scot/public-transport/smart-and-integrated-ticketing>

5.2 VAT

If your organisation is eligible to reclaim VAT, the amount of funding you ask for must exclude VAT. Transport Scotland will not support VAT costs where these can be reclaimed.

And if you are unable to reclaim VAT then irrecoverable VAT may be included as an eligible cost. Where this is the case, irrecoverable VAT should be identified as a separate item in your costings.

5.3 State aid

State aid is a European Commission term which refers to forms of assistance from a public body, or publicly-funded body, given to undertakings on a discretionary basis, with the potential to distort competition and affect trade between member states of the European Union.

The 'State aid rules' are set out by the European Commission and comprise various articles of the EC Treaty, regulations, frameworks and guidelines - which set out what aid can be given. The European Commission governs member states' compliance with these rules and must be notified of all schemes involving State aid. State aid granted without Commission approval is viewed as unlawful and may be subject to repayment - by the aid recipient. Where State aid is involved, it must be provided under the cover of an exemption; approved scheme, or the de minimis regulation.

All public bodies (including bodies administering public funds) are required to ensure that they provide funding in adherence with the State aid rules and must consider applications in order to establish whether a measure constitutes State aid.

If your project is involved in economic activity (*i.e.* your project is involved in the provision of goods or services), you can consider whether your proposal may attract State aid by applying the [four State Aid tests](#).

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6. ERDF and Managing Authority Requirements

Successful applicants will be obliged to:

- a) recognise the ERDF and Scottish Government in any publicity around the project, please see <http://www.gov.scot/Resource/0049/00499194.pdf> for full details; and
- b) retain copies of all project documentation, facilitate and make available the project documentation for audit by the Managing Authority, please see <http://www.gov.scot/Resource/0047/00475915.pdf> for full details and <http://www.gov.scot/Resource/0048/00489832.pdf>

7. Enquiries

If you have any queries about the ERDF LCTT programme or would like to discuss ideas you have before submitting an application, please send an email to the [Smart Ticketing Challenge Fund mailbox](#) with an outline of your query and your contact details and a member of the Transport Scotland team will get back to you.