

**North East Derbyshire District Council (NEDDC)
Business Growth Fund (BGF)**

Applicant Guidance

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All queries regarding the North East Derbyshire Business Growth Fund (NED BGF) should be directed to the following contacts:

Martyn Handley
Economic Development
01246 217203
martyn.handley@ne-derbyshire.gov.uk

Sue Dixon
Partnership Support Officer
01246 217606
sue.dixon@ne-derbyshire.gov.uk

NEDDC, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield S42 6NG

Introduction

One of the priorities identified in NEDDC's Growth Strategy 2015 – 2025 is to support enterprise by maintaining and growing the business base. Various funding streams are available to the area through national government and European funding; however, many of these are aimed at larger businesses and the new BNED LEADER Approach 2014-2020 excludes certain parts of the district. The purpose of the BGF is to address this gap by providing a funding source for areas ineligible for BNED LEADER through a grants programme. As a pilot project, the BGF will allocate £66,500 from Autumn 2015 to March 2019.

1. What will the BGF scheme fund?

The focus of the grant will be businesses which the Council is confident will achieve economic growth and/or job creation and growth within the District. The BGF will generally fund any business enterprise sector which we feel does not conflict with our Council Values (see our Corporate Plan for more details).

Assuming some of the output criteria identified in section 4 below can be met, grants can be for either capital or revenue expenditure; examples of the types of activity which can be funded could include:

- Extending and Improving Premises (e.g. Brighter Business)
- Development of the Business Profile to Boost Trade (e.g. Website, Advertising, Artwork)
- Business Growth Items (Equipment including ICT and Machinery)
- Business Start-up Costs

Ineligible applications

Businesses requesting funding to address decreases in trade will not be eligible as it is unlikely that the modest grant would enable a long term change to their decline.

Discussions will be held with the Business to ensure that the activity is appropriate and also to maximise the funding made available. Although each application will be taken on its own merit it is felt that, in line with other similar grant programmes, it would be inappropriate to provide funding for stock and other consumables or like for like relocation of the business or replacements of existing items, such as buildings, machinery and equipment. Additionally, the hiring or leasing of vehicles, buildings or equipment is not eligible for funding through NED BGF.

Expenditure such as feasibility studies, planning application costs and consultants fees would not create any direct growth output and is also therefore ineligible.

2. How much funding is available?

The minimum grant is £500 up to a maximum grant of £4,000. At least 10% match funding will be expected from the businesses to show their own commitment to their project although our match funding expectation is dependent upon the business case put forward.

Requests to support the development of standard websites are limited to £500. Applications for websites to develop added functionality (such as customer relationship management or sales-to-stock management capabilities) will still be eligible to apply for a maximum of £4,000 as such additions are developing the capabilities of the business in a more defined way.

All funded project activity will commence in Autumn 2015 to complete by March 2019.

3. Which areas are covered?

The BGF welcomes applications from areas within North East Derbyshire District not eligible for BNED LEADER Approach funding. Primarily, the eligible areas are the Parishes of:

- Clay Cross
- Dronfield
- Tupton

If you have any queries regarding eligibility please contact the NEDDC Economic Development or Partnership Teams (see page 1 for contact details).

4. How will outputs be measured?

Successful applicants will be required to complete monitoring reports for a period of 1 year after the award of the grant at a frequency as determined by NEDDC on a case by case basis. Monitoring reports will include analysis of expenditure evidence to ensure that it has been made on eligible activity in line with the application and funding agreement.

The impact of the funding on growth will be measured against the following criteria which can provide this evidence base. These include:

- Jobs Created/Jobs in the Business (*Full Time Equivalent (FTE) jobs created. Anyone working a minimum of 30 hours per week (or more) counts as 1.0 FTE employee. FTE employees include business partners and directors. In general, assume that a 6hr working day is 0.2FTE, with a half day at 0.1FTE. This is for permanent positions, so a person working 30 hours per week for 3 months of the year would be 0.25FTE.*)
- Turnover, to be monitored for 2 full annual accounting periods per project, to identify any changes in turnover levels.
- Case Studies, Outputs Specific to the Project and Unexpected Outputs; e.g. number of new clients, additional overnight stays at hostelrys or receipt of a business award.

This will be backed up by site visits from an EDU officer at project inception, after spend completion, and after an agreed period in which the impact can be measured, usually between 6 months and 1 year after the award of the grant. The site visits will be used to check any physical works or pieces of equipment that have been purchased and also to talk with the applicant to potentially become aware of any additional benefits from the award of the grant that can be used in the Case Studies.

5. How to apply

We have a two stage application process. The forms can be downloaded from the following website: www.ne-derbyshire.gov.uk/business/ned-business-growth-fund/

- **Expression of Interest (EOI):** A simple form which allows applicants to explain what their project intends to do, the delivery timescale and how much it will cost. Applicants should speak to the NEDDC Economic Development Unit to discuss the project prior to submitting the form via e-mail, where it is assessed within 10 working days to see if it seems a deliverable project which fits within our priorities and Values. As part of the initial assessment, background checks on information in the public domain will be carried out on the business and individuals identified in the application forms.
- **Application Form:** EOIs which are felt to meet the priorities of the fund are given an endorsement code and invited to submit a full application, with advice and guidance available from the NEDDC Economic Development Unit. This is a more detailed form which also asks applicants to give more detail about their business, how the project will be managed, list a detailed breakdown of costs and match funding and identify options, risks, sustainability issues and permissions. This form should be submitted **within 30 working days** of receipt of notification of endorsement of Expression of Interest both electronically and with a signed paper copy which will have evidence appended, such as quotes (see section 6 below). The application is then appraised to see if it should be awarded a grant, assessing the bid against the criteria noted in section 7 below. Applicants will be notified of the outcome of their application within 40 working days.
Note: We will only assess applications that have been endorsed at the EOI stage.

6. Evidence to send with the main Application Form

- Last two consecutive and most recent years of full statutory audited / unaudited accounts (including those for any linked company)
- For all start-up business applicants a Business Plan providing detailed financial forecasts is required in lieu of audited accounts. Further information and support is available at <https://www.gov.uk/business-support-helpline> and <https://www.gov.uk/write-business-plan>. The Council may also request a business plan from other applicants to help evidence the business proposal.
- Proof of landlord's consent for the proposed project for businesses who do not own their premises and details about their tenancy agreement, including the duration of the lease. It is the applicant's responsibility to ensure that the assets remain in use, for the purpose set out in the application, for at least 2 years after the final payment of the grant
- Evidence that any specific permissions, consents and licences needed for proposals to go ahead are approved, such as planning permission or permissions to work with children, hazardous materials, food hygiene etc. **The cost of obtaining permissions cannot be included in any claim.**
- Bank statements to evidence private match funding
- 3 quotes for all items of equipment or services employed, to prove that the applicant will get the best value when buying goods and services that they intend to claim for.
- Feasibility studies, research, supporting case studies to support the need and demand for your project if appropriate.
- Any other key relevant documents you consider should be submitted

7. How applications are assessed

Applications will be assessed and scored against a range of selection criteria including:

Previous Grant Funding

The North East Derbyshire Business Growth Fund operates under the *de minimis* regulation of the EU mechanism for State aid. This allows small amounts of aid – less than €200,000 over 3 rolling years – to be given to an undertaking for a wide range of purposes. To enable compliance with legislation, all applicants must notify us of all public funding received, and in the spirit of transparency we are recording this from 1st January 2007. **Failure to declare all public funding received may represent a breach of the Grant Agreement and EU legislation resulting in a requirement for full repayment of the grant and/or the instigation of legal action.**

Business and Organisation Details.

- ensuring that we understand the nature and organisation of the businesses we support, such as legal status, viability of the business and number of employees
- identifying if it is a 'Linked Business' by being a parent company or subsidiary of another company, or if the company shares directors with other businesses, even if they operate within different industrial sectors (we need to know this due to State Aid rules)
- explaining the skills and resources of the proposed project manager
- assessing how the delivery of the project may impact the existing business operations, including the ability to bank roll the project.

Strategic Fit, Need and Deliverability: How the project

- meets the eligibility criteria and delivers against one or more of NEDDC's priorities
- clearly addresses an identified need

- will deliver clearly identified outcomes
- will have a positive impact for the applicant and other businesses
- evidences that the necessary permissions are in place, e.g. planning permission
- can show, upon completion, how it has succeeded both on cost and on time

Value for money and the need for public funding.

- providing realistic costs and seeking competitive quotes
- identifying the amount of grant required to deliver the outcomes, for example cost per job
- showing that other options have been considered
- explaining what difference receiving grant aid will make when compared to not getting it
- making clear that supporting the project won't harm other similar businesses

Sustainable development: To what extent there is a positive impact on the wider...

- environment (physical environment, use of energy and resources)
- economy (businesses, employment, skills)
- social sustainability (impact on communities, residents, transport infrastructure)

Risk, explaining how...

- the risks that have been identified are relevant to the size, scale and scope of the project and to the business / organisation in carrying out the project
- these risks will be mitigated

After the form has been submitted, the applicant will receive an acknowledgement by email confirming that the application has been received. The form will be checked to ensure that it includes all the right information. If information is missing, the applicant may be contacted to discuss the application or to request more information.

8. Unsuccessful applications

If NEDDC rejects a funding application, they will send the applicant a letter giving their reasons. Applicants can ask NEDDC to review their decision if the applicant believes that they have:

- misunderstood the application
- made a procedural error
- misinterpreted the law

Applicants must do this within 60 calendar days of receiving the letter.

9. Successful applications

If the applicant is successful and they are offered a grant, they will need to follow the terms set out in the Offer Letter and Grant Agreement throughout the whole period and for 1 year after the date of the payment. This will be explained in more detail when a grant is offered. If they don't, NEDDC may withdraw the grant and recover some – or all – of the money already paid.

In some cases, payment of the grant could be made in advance of activity to remove cash flow issues at the discretion of NEDDC. The monitoring process would ensure compliance on agreed expenditure.

10. Start date

Unless pre-contract costs were agreed, there will be no payments for any work carried out before the start date. Applicants must not start work, make any deposits, order or buy anything for the project until they have received, signed and returned the NEDDC Offer Letter and Grant Agreement which identifies the official start date. If they do, NEDDC may withdraw the grant offer. Any expenditure incurred before the approval date is at your own risk and may render the project ineligible for support.

11. Paying for the project

Unless pre-contract costs were agreed, grant payments are made in arrears after the work is undertaken and paid for. Therefore, applicants need to demonstrate that they have sufficient funds to bankroll the project until grant payments are received.

12. How to claim a grant

NEDDC will send a claim form to the successful applicant, including instructions about what to do next. Applicants must fill in the claim form and return it with:

- invoices that match the costs and suppliers stated in the Offer Letter/Grant Agreement
- evidence that invoices have been paid in full (unless we agreed to pay in advance)
- photographs of the project, activity or equipment
- a list of all the items (an asset register) they received a grant for
- a progress report explaining what they have done so far and any delays

13. Changes during the grant period

The applicant is expected to use the grant money to buy items as specified in the application and Offer Letter and Grant Agreement. During the grant period, exceptional circumstances may arise where applicants need to change elements of a project. They must inform NEDDC immediately and where appropriate seek a contract variation.

Applicants must inform NEDDC about **any** changes to a project, for example:

- changes to use of buildings, equipment or any other assets bought with the grant
- disposing of or selling any of the assets
- closing, selling or transferring the business that's associated with the grant

NEDDC will try to accommodate necessary project changes, but there is no guarantee that a change or contract variation will be agreed.