

<b>Key Decision Required:</b>	<b>Yes</b>	<b>In the Forward Plan:</b>	<b>Yes</b>
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## CABINET

12 JUNE 2015

### REPORT OF THE REGENERATION PORTFOLIO HOLDER

#### **A.2 SMALL AND MEDIUM SIZED ENTERPRISES (SME) GROWTH FUND**

(Report prepared by Tom Gardiner, Regeneration Manager)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To seek Cabinet's approval to establish and implement an SME Growth Fund Scheme of £500,000, enabling the Council to target grant funding on new and existing businesses operating in Tendring's designated Assisted Area and working within the: manufacturing; engineering (electrical and mechanical); energy; low carbon; and maritime sectors; and/or in the research and development / supply chain industries serving these sectors.

##### **EXECUTIVE SUMMARY**

Plans to establish an SME Growth Fund were announced by the then Leader and Portfolio Holder for Regeneration, Inward Investment and Growth and Asset Management at Full Council on 10 February 2015.

The proposal is to establish an SME Growth Fund of £500,000 that will provide grants to support the start-up and expansion of circa 15 – 25 SME businesses in qualifying sectors located in/or locating into the District's designated Assisted Area, creating or safeguarding a targeted total of circa 70 jobs.

Under the scheme grants would be available for both revenue and capital expenditure.

Subject to Cabinet approval, the Scheme will be open to applicants from June 2015 until the end of May 2016, provided the available funding is not fully committed/expended by that date. Subject to available resources at that time, and the overall success of the Scheme, Cabinet could at that time determine to extend the life of the Scheme and allocate further resources accordingly.

Grants will be paid to successful applicants retrospectively on the achievement of agreed and approved outputs or milestones, such as the creation of a job or the purchase of capital equipment.

The Scheme will be managed on a day-to-day basis by the Council's Regeneration, Inward Investment & Growth Team. A Grants Panel comprising representatives of the Council and external partners will make investment decisions on the grant applications received based on the recommendations of the Appraisal Team led by the Council's Regeneration Manager.

The Grants Panel will comprise:

- Portfolio Holder for Regeneration – Chair
- Corporate Director, Public Experience

- Finance and Procurement Manager
- Executive Director Haven Gateway Partnership
- SME Representative
- Regeneration Manager (advisory and non-voting member)

The aims and objectives of the Scheme are to:

- Create a Growth Fund targeted on the: manufacturing; engineering (electrical and mechanical); energy; low carbon; and maritime sectors; and/or the research and development / supply chain industries serving these sectors, to incentivise investment by businesses in these sectors;
- Concentrate assistance on these sectors to support the growth and diversification of the economy within the District's designated Assisted Area; and
- Contribute to a sustained increase in value, job creating potential, and to the sustainability of these sectors.

The primary targets for the proposed Scheme are to:

- Support investment in 15 – 25 new/existing businesses to achieve growth;
- Create or safeguard at least 70 full-time equivalent (FTE) jobs; and
- Leverage £1,750,000 of private investment additional to the Scheme Fund of £500,000.

The proposed governance, management and administrative protocols for the Scheme are attached at [A.1 Appendix A](#) "Project Appraisal Manual".

A draft Information and Guidance Brochure for the Scheme is attached at [A.1 Appendix B](#). Subject to approval the brochure (or a version of it) will be the public/business facing document, promoting the availability of the Fund. This will be made available on the Council's website along with the requisite Expression of Interest and Full Application Forms.

Marketing and publicity of the Scheme provided via the Guidance Brochure and the Council's website will be complemented via: bespoke press articles and press releases (at intervals throughout the Schemes 12 month delivery programme); flyer promotions distributed at appropriate business networking events and via the Council's partners (Federation of Small Businesses, Essex Chamber of Commerce, Tendring Enterprise Centre, Essex County Council); and by targeting businesses using the Council's Business Database.

## **RECOMMENDATION(S)**

**It is recommended that:**

- (a) Cabinet approve and adopt the proposed SME Growth Fund Scheme and Project Appraisal Manual as set out in Appendix A;**
- (b) The relevant powers be delegated to the Portfolio Holder, Corporate Director (Public Experience), the Regeneration, Inward Investment and Growth Team and Grants Panel, as detailed in the Scheme and Manual to implement and undertake the governance, management and administrative requirements as detailed in Appendix A;**

**(c) The decision making powers necessary be delegated to the Grants Panel to determine the applications, as set out in the Scheme and Manual in Appendix A; and**

**(d) The Information and Guidance brochure attached at Appendix B be approved and adopted.**

## **PART 2 – IMPLICATIONS OF THE DECISION**

### **DELIVERING PRIORITIES**

Proposals for the SME Growth Fund respond directly to the corporate goals identified within the Council's Corporate Plan (Tendring Life) and to the objectives of its Economic Development Strategy (EDS).

Specifically the proposed Scheme responds to the following Corporate Goals:

- **Corporate Goal 3:** Help children and adults achieve their full potential;
- **Corporate Goal 4:** Address deprivation; and
- **Corporate Goal 6:** Coastal opportunities and protection.

The Scheme responds to the following EDS Objectives:

- **Objective 1:** Supporting Tendring's growth locations by intervening in areas where the potential for economic growth is highest and where there is a strong case for intervention particularly (but not exclusively) in Harwich, Clacton and West Tendring;
- **Objective 2:** Targeting growth sectors, which are best placed to support growth and job creation within the District's economy; and
- **Objective 4:** Supporting modernisation, diversification and growth within the business base, improving innovation and inward investment and creating dynamism in the economy that will make Tendring more competitive and resilient to national and international shock.

### **FINANCE, OTHER RESOURCES AND RISK**

#### **Finance and other Resources**

Funding for the Scheme (£500k) has been earmarked against resources allocated to support the Council's Regeneration, Inward Investment and Growth function.

In addition to the grant funding the Council will need to resource the management and administration of the Scheme. For the most part these costs will relate to staff time, the costs of which have already been accommodated within the 2015/16 staffing budget and will therefore be absorbed as part of the Council's day-to-day staffing function.

The Council may have to resource the cost of any credit checks that may be undertaken as part of the project appraisal process and also to resource any third party specialist advice, which may be necessary to complete the appraisal of complex applications. These costs are not expected to be prohibitive and it is anticipated that these will be

accommodated within existing resources.

## **Risk**

The successful implementation of the SME Growth Fund Scheme is subject to a number of potential risks. These include:

- A shift in corporate priorities and policy objectives following political change (national and local);
- An inability to successfully engage with the private sector (key businesses) to drive grant applications from eligible businesses from within the target area;
- Failure of the Scheme to meet the objectives identified and/or to secure the growth anticipated; and
- The capacity within the Regeneration, Inward Investment and Growth Team to effectively manage the Scheme and to assess applications in line with the agreed governance and administrative protocols.

The Regeneration, Inward Investment and Growth Team will seek to control these risks as part of its operational and management function and will develop a risk register (as necessary) to identify, track, mitigate and report on risks as part of its project management function.

Although covered in more detail further on in this report, State Aid rules do present a risk to the successful delivery of the Scheme. This risk is largely mitigated via the design of the Scheme and the application of the *de minimis* rules. State Aid rules are complex and could emerge over the lifetime of the Scheme.

Staff engaged in the assessment of applications will be provided with appropriate training (as appropriate) to ensure that they have the skills necessary to interrogate business plans and to interpret the financial information provided by applicants. External specialist advice may be sought where necessary.

## **LEGAL**

Since 1972 Local Government has been able to under a range of powers provide financial assistance to external businesses to promote the economic development in their area, the current and widest power is contained within the General Power of Competence under the Localism Act 2011.

European Union (EU) rules do not permit government funding ('State Aid') that distorts, or threatens to distort, market competition within the EU, except in certain permitted circumstances. However, any grant proposed under this Scheme should not contravene EU rules on state aid. To be classed as a state aid, a grant would need to satisfy all of the following four criteria:

- It is granted by the state or through state resources;
- It favours certain undertakings or the production of certain goods;
- It distorts, or threatens to distort, competition;
- It has the potential to affect trade within the EU.

In an Assisted Area it is possible to offer increased levels of aid to those sectors associated with energy and the environment. However, Grants will generally be made

under the *de minimis* regulations for State Aid. Under *de minimis*, a business may not receive more than 200,000 Euros assistance from state sources within any rolling 36-month period. This would include, but not be limited to, any grant awarded under the Scheme.

If grant support through the Scheme would exceed the *de minimis* level, businesses may consider their potential eligibility under General Block Exemption Regulations (GBER). The likelihood of this is considered to be very low and so the GBER framework is not detailed in this Report.

The manual does adequately address the State Aid considerations and how these will be taken into account during the application process.

As with any Scheme, under which various applications could be received, it is essential that the eligibility and assessment criteria are clearly set out and the decision making process is robust and transparent. The Scheme provides detailed information on these elements.

## **OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed recommendations' in respect of: Crime and Disorder; Equality and Diversity; Health Inequalities; Area or Ward Affected; Consultation and Public Engagement; and any significant issues are set out below:

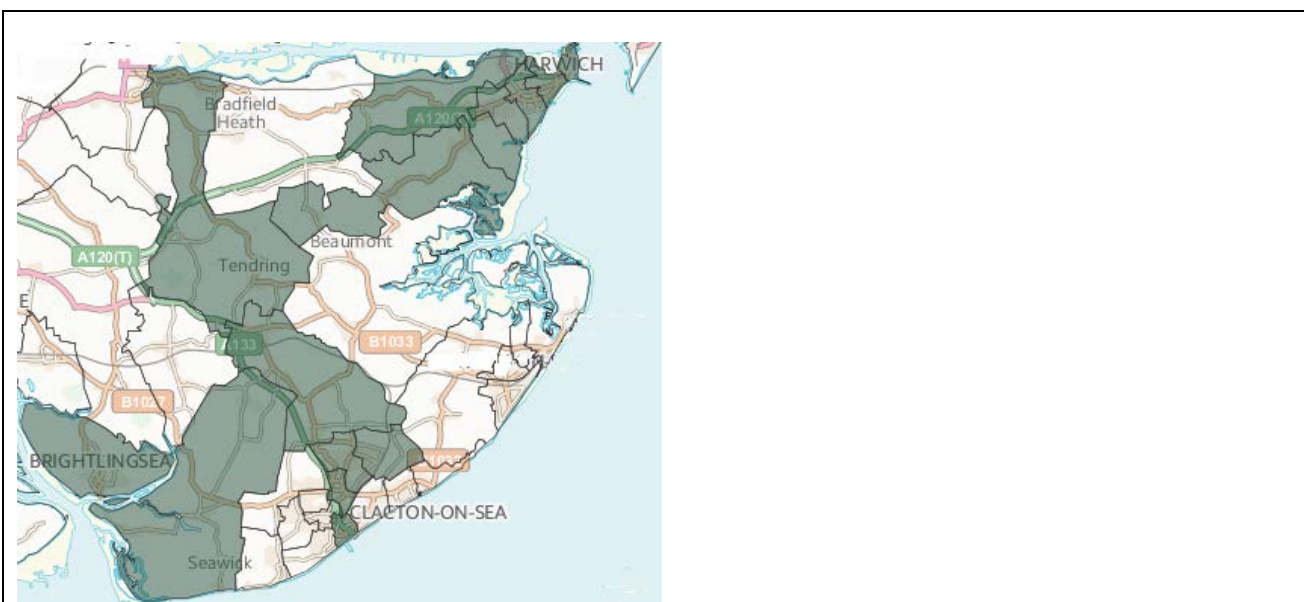
Evidence suggests that there is a direct link between economic prosperity and social inequality. The SME Growth Scheme seeks to improve the economic performance and vitality of the district by creating growth in the economy. In so doing the Scheme will help secure the economic opportunities recognised by Government to exist within the Tendring Assisted Area whilst indirectly tackling the broad range of deprivations and inequalities prevalent in the area.

### **Area or Ward Affected**

The SME Growth Fund seeks to strengthen the economic conditions within the Tendring Assisted Area (see map below) and (subject to approval) will focus on the following wards:

Brightlingsea Ward  
Burrsville Ward  
Great and Little Oakley Ward  
Harwich East Ward  
Harwich East Central Ward  
Harwich West Ward  
Harwich West Central Ward  
Little Clacton and Weeley Ward  
Manningtree, Mistley, Little Bentley and Tendring Ward  
Pier Ward  
Ramsey and Parkeston Ward  
St Johns Ward  
St Marys ward  
St Osyth and Point Clear Ward

*Map Showing The Tendring Assisted Area*



### **Consultation and Public Engagement**

On-going communication and participation with eligible sectors within the business community will be an essential ingredient if the Council is to achieve the successful implementation and delivery of the SME Growth Fund Scheme.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND**

Plans to establish an SME Growth Fund were announced by the then Leader and Portfolio Holder for Regeneration, Inward Investment & Growth and Asset Management at Full Council on 10<sup>th</sup> February 2015.

Proposals to establish the Scheme are linked to the Assisted Area designation conferred on parts of the District in May 2014. Whilst this UK and European designation provides some financial benefits to businesses, Government is yet to announce any bespoke funding (Regional Aid) in support of Assisted Areas, but has encouraged affected local authorities to look to their own resources, and to their Local Enterprise Partnerships, to secure investment in, and support for, their respective areas.

To this end Tendring Council has led work to promote the investment requirements of the four Assisted Areas within the jurisdiction of the South East Local Enterprise Partnership (SELEP), whilst at the same time developing this “self-help” Scheme, to ensure that some support locally is given to securing business and jobs growth in the Tendring designated area.

The Scheme is based on the governance, management and administrative protocols developed and implemented by Hastings, Thanet, and Tendring Councils for the RGF SUCCESS Programme Fund, which provided grant funding throughout 2014 to new and established businesses in the creative and cultural sector.

The mechanics for the SUCCESS Programme were also endorsed and approved by the Department of Communities and Local Government (DCLG) and the Department of Business, Innovation and Skills (DBIS).

The model being presented in this report has therefore been tried and tested and has proven to be an effective mechanism through which financial support can be targeted on SMEs (for information creative and cultural businesses in Tendring secured in excess of £300k via the RGF SUCCESS Programme Fund).

#### **CURRENT POSITION**

Subject to Cabinet approval, the SME Growth Fund Scheme is primed and ready for implementation.

#### **FURTHER HEADINGS RELEVANT TO THE REPORT**

None

#### **BACKGROUND PAPERS FOR THE DECISION**

None

#### **APPENDICES**

Appendix A – SME Growth Fund Project Appraisal Manual

Appendix B – SME Growth Fund Information and Guidance Brochure

**APPENDIX A**



**TENDRING DISTRICT COUNCIL**

**SME GROWTH SCHEME**

**PROJECT APPRAISAL MANUAL**

**JUNE 2015**

**V1.2**





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## **PART 1: BACKGROUND AND OVERVIEW**

### **1.1. Overview**

- 1.1.1. This manual sets out the appraisal process for businesses applying for grants under the Tendring SME Growth Scheme. The Scheme is funded through Tendring District Council's Regeneration, Inward Investment and Growth Budget.
- 1.1.2. The Scheme will establish an SME Growth Fund of £500,000 that will provide grants to support the start-up and expansion of circa 15 – 25 SME businesses in qualifying sectors located in/or locating into the District's designated Assisted Area, creating or safeguarding a targeted total of circa 70 jobs.
- 1.1.3. Grants may be made for both revenue and capital expenditure.
- 1.1.4. The Scheme will be open to applicants from June 2015 until the end of May 2016, provided the available funding is not fully committed/expended by that date. Grants will be paid retrospectively on the achievement of agreed and approved outputs or milestones such as the creation of a job or the purchase of capital equipment.
- 1.1.5. Tendring District Council (TDC) is the Funding Authority for the Scheme, which will be managed on a day-to-day basis by the Council's Regeneration, Inward Investment & Growth Team. A Grants Panel comprising representatives of the Council and external partners will make funding decisions on the grant applications received.

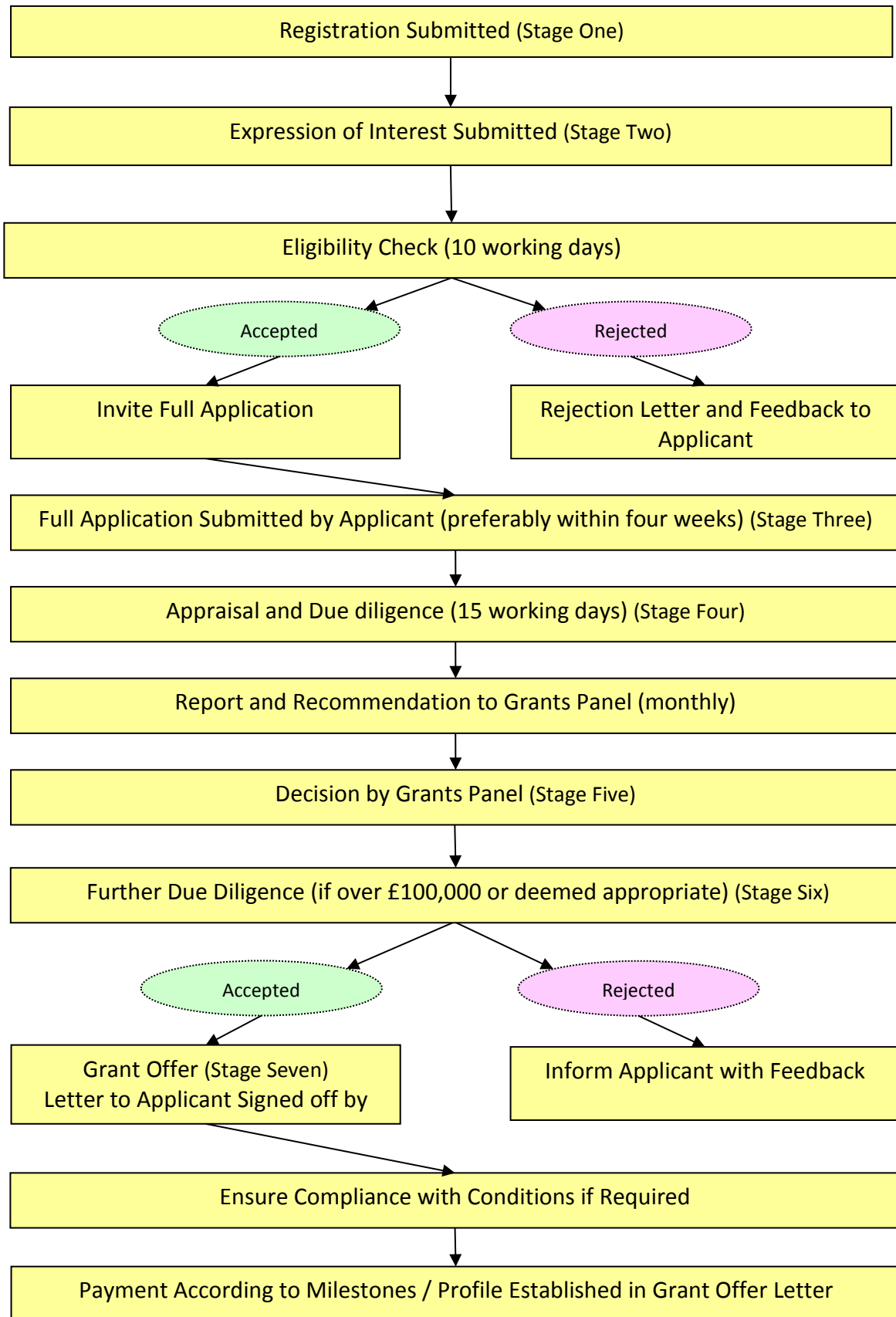
### **1.2. Scheme Objectives**

- 1.2.1. The Aims and Objectives of the Tendring SME Growth Scheme are to:
  - Create an SME Growth Fund targeted on the following sectors of industrial activity: manufacturing; engineering; energy; low carbon renewables; maritime activities; and related research and development, to incentivise investment by businesses in these sectors;
  - Concentrate assistance on these sectors to support the growth and diversification of the economy within the District's designated Assisted Area; and
  - Contribute to a sustained increase in value, job creating potential and to the sustainability of these sectors.

### **1.3. Targets**

- 1.3.1. The core targets for the Scheme are to:
  - Support investment in 15 – 25 new/existing businesses to achieve growth;
  - Create or safeguard at least 70 full-time equivalent (FTE) jobs; and
  - Leverage £1,750,000 of private investment additional to the Scheme fund of £500,000.

**1.4. Scheme Application Process**



1.4.1. The purpose of the application process is to facilitate the distribution of the Scheme's allocated fund to eligible businesses in order to secure the targets identified.

1.4.2. The sectors in the eligible area (Tendring's designated Assisted Area) are primarily represented by small and medium sized independent companies, and self-employed individuals (sole-traders). To achieve good take up of the grant, it is important to make the application process as accessible as possible, and to provide support to potential applicants. Support will be provided by the Council's Regeneration, Inward Investment & Growth Team or the Council's appointed agents (as appropriate) as well as by the mainstream business support services that are available to Tendring based businesses.

#### **1.4.3. Stage One: Registration**

1.4.3.1. Potential applicants will be invited to register their interest in accessing grant funding via the Scheme using a dedicated email address: [funding.support@tendringdc.gov.uk](mailto:funding.support@tendringdc.gov.uk)

1.4.3.2. On registration, the Project Officer (Funding Officer / Skills and Community Projects Officer) will send an Expression of Interest (EOI) form and Information Pack to the applicant.

1.4.3.3. Full guidance (Information Pack) on the Scheme will be available on the Council's website, as well as read-only Expression of Interest and Full Application Forms.

#### **1.4.4. Stage Two: Expression of Interest (EOI)**

1.4.4.1. The applicant will need to submit a simple Expression of Interest (EOI) form, on which they will provide a description of the proposed project. This will enable the Project Officer to determine whether the project proposal responds to the Scheme's objectives and to check the applicant's eligibility and State Aid status. On submission an Application Number (Unique Reference Number) will be allocated to the project proposal. A copy of the Scheme's EOI Form is attached at Annex C.

1.4.4.2. At this stage, EOIs can be: approved by the Project Officer and applicants invited to submit a Full Application; rejected; or referred back to the applicant with the request to provide further detail. This might involve clarification in relation to eligibility or a request for more information on the proposed activity. Unsuccessful applicants will be entitled to reapply, within the period of the Scheme, as long as they are eligible to do so and there are funds available in the Scheme budget.

1.4.4.3. Assessing the EOI and deciding on the next stage is the responsibility of the Project Officer. The Project Officer will review the proposals using the EOI Assessment Form (see Annex D) and make

recommendations to the Regeneration Manager, who will make the decision as to whether or not the applicant is to be invited to make a full application or referred back for further work. Further guidance on appraising the EOI is given in the Eligibility Section in Part 2 of this document.

- 1.4.4.4. Decisions will be made within 10 working days of receiving a fully completed EOI Form.
- 1.4.4.5. The Council's Business Advisor, Economic Development Officer and Enterprise and Innovation Officer, will be informed of the EOI's received and as appropriate their services may be made available to support the applicant in re-submitting their EOI (where necessary) and completing the Full Application Form.

#### **1.4.5. Stage Three: Full Application**

- 1.4.5.1. A Full Application Form will be provided via email once the EOI has been accepted. A copy of the Full Application Form is attached at Annex E.
- 1.4.5.2. Applicants will be expected to submit their Full Application within one month of the EOI "approval to progress" letter being sent.
- 1.4.5.3. The applicant's Full Application along with any supporting documentation must be submitted via the Council's dedicated email address ([funding.support@tendringdc.gov.uk](mailto:funding.support@tendringdc.gov.uk)). Details of the supporting documents required to underpin an application are referenced in the Appraisal Section in Part 3 of this document.
- 1.4.5.4. The Project Officer will check the Full Application Form and accompanying documents to ensure that they are complete. At this stage the Project Officer may need to contact the applicant to clarify any issues or to request additional information.
- 1.4.5.5. At the time of submitting a Full Application Form, applicants will agree to the Council seeking necessary credit references and/or reports, and will agree to information being shared with relevant officers within the Council and with external assessors as appropriate.
- 1.4.5.6. Proposals and supporting documents must be the property of the applicant and must not infringe any existing patent or copyright.
- 1.4.5.7. All applications will be deemed as commercial and in confidence. N.B. Offer letters to successful applicants will be dis-closable under the provisions of the Freedom of Information Act 2000.

#### **1.4.6. Stage Four: Appraisal and Due Diligence**

- 1.4.6.1. The level of scrutiny for undertaking an appraisal of a project proposal will be proportionate to the level of funding requested.
- 1.4.6.2. Due Diligence will generally be conducted as part of the appraisal process. For certain categories, described below, further Due Diligence may be conducted by an independent organisation after conditional approval by the Grants Panel.
- 1.4.6.3. The Project Officer will undertake the appraisal, supervised by the Regeneration Manager. For complex investment proposals, an independent external appraiser may be appointed, as and when necessary. The Regeneration Manager will decide when to use an external appraiser, taking into account the complexity of the proposal and the capacity of the internal team.
- 1.4.6.4. The target sectors may include a wide range of businesses with specialist markets. In addition to the use of an external appraiser, the Regeneration Manager will have the option of seeking expert opinion on applications that hinge on the opportunity and value of specialist markets. The responsibilities of those involved in the appraisal process, is described in Section 1.5.
- 1.4.6.5. Applications will normally be appraised within 15 working days of receiving the Full Application Form and supporting documents, or, if these are incomplete, from the date of receipt of all required documentation. The process for undertaking an appraisal of an investment proposal will be proportionate to the level of funding requested. This is set out in detail in Part 3.
- 1.4.6.6. The Project Officer, and if appropriate the external appraiser, will complete an appraisal report, which will set out their scores for each section, with conclusions and recommendations (see Part 3 for further detail). If, during the course of the appraisal, the appraiser finds that there are significant problems with the application, for example an inadequate business plan, they will consult with the Regeneration Manager who will decide whether the application should be returned to the applicant for further work rather than progressing the appraisal to completion. A decision to return the appraisal for further work may also be made at the end of the appraisal process following recommendation to the Regeneration Manager.

#### **1.4.7. Stage Five: Grants Panel Decision**

- 1.4.7.1. Based on the appraisal report, the Regeneration Manager will make recommendations to the Grants Panel, which will be chaired by the Council's Portfolio Holder for Regeneration.



- 1.4.7.2. The Grants Panel will be responsible for considering and deciding on grant applications drawing on the recommendations of the Regeneration Manager.
- 1.4.7.3. The Regeneration Manager will participate in meetings of the Grants Panel in an advisory and non-voting capacity.
- 1.4.7.4. The Grants Panel will meet monthly (meetings may take place by teleconference) or as required to ensure timely decisions on grant applications. Appraisals will be presented to the next available Grants Panel meeting, subject to the Panel members having the documentation a minimum of 5 working days in advance of the panel meeting. The documentation will consist of the Full Application form and Appraisal Report. The business plan and financial information will be available as required.
- 1.4.7.5. Applicants may be invited to make a presentation related to their application. This will be on the recommendation of the Regeneration Manager and at the discretion of the Chair.
- 1.4.7.6. The quorum of the Grants Panel will be three voting members. In the event of a panel meeting being inquorate, decisions for grant applications up to £10,000 may be delegated to the Regeneration Manager in consultation with the Chair, provided no objections have been received from the rest of the Panel, who will have received papers for the scheduled meeting.
- 1.4.7.7. The membership of the Grants Panel is detailed in Annex H.
- 1.4.7.8. Approval may be subject to conditions based on the appraiser's recommendations. The Grants Panel will decide whether to accept the recommendations and may also change or add to the recommended conditions. In exceptional circumstances the Grants Panel may defer its decision to a subsequent meeting in order to get further information necessary to reach a decision.
- 1.4.7.9. If demand for funds exceeds the funds available or if the appraiser recommends that the project and outputs can be achieved with a lower grant than requested, or for other reasons, the Regeneration Manager may recommend that funding for all or some of the applications be scaled back. The creation of new permanent FTE jobs will be the most important element in any competition for funds. The exact criteria will be decided by the Grants Panel should the need to assess applications competitively arise. The Grants Panel will also take into account the ratio of Jobs to Grant and Private Investment to Grant Ratio, including other key performance indicators as defined by the Scheme.

#### **1.4.8. Stage Six: Further Due Diligence**

- 1.4.8.1. In keeping with the principle of proportionality, there may be occasions where a greater level of Due Diligence scrutiny is required over and above that which is done as part of the Appraisal. All approved applications for grants of over £100,000 will be subject to separate due diligence. At the discretion of the Regeneration Manager other particularly complex or potentially high risk applications may be subject to separate due diligence after approval. The due diligence may go into further depth on issues covered by the appraisal, with an emphasis on the more complex aspects of the application, establishing investment viability, sensitivity, management capability, and risk management.
- 1.4.8.2. This is likely to add a further 10 days to the decision making process so, where possible, applicants will be informed that they may be subject to separate due diligence before they submit their full application.

#### **1.4.9. Stage Seven: Grant Offer**

- 1.4.9.1. Successful applicants (“Beneficiaries”) will be sent a Grant Offer Letter signed by the Corporate Director (Public Experience) that will constitute part of the funding conditions between the applicant and the Council. This will detail:
- The level of grant to be offered;
  - Confirmation that match-funding has been secured and is available;
  - The Standard Terms and Conditions of the Grant Funding Scheme;
  - Any further conditions to be imposed on the applicant, specific to the project;
  - Outputs and, if appropriate, Outcomes that will be delivered by the applicant;
  - Milestones; and
  - A claim, monitoring and payment schedule.
- 1.4.9.2. A template Beneficiary Offer Letter is provided at Annex I.
- 1.4.9.3. The Beneficiary will be required to sign a copy of the Grant Offer Letter and return it to the Council’ Regeneration Manager and once received this will form the Funding Agreement between the Beneficiary and the Council.
- 1.4.9.4. Applicants will be advised by telephone or email that their application has been approved prior to the issue of the Offer Letter. The Grant Offer Letter will be issued as soon as possible after the Grants Panel meeting.

- 1.4.9.5. When the Grant Offer is accepted by a subsidiary within a Group, the subsidiary undertakes obligations to repay any of the grant if it defaults on the conditions set out in the Grant Offer Letter. Although the obligations in the Offer Letter are for the subsidiary, a guarantee will be obtained from the parent company, where the grant recipient is a subsidiary company and will be required to sign the Grant Offer Letter.
- 1.4.9.6. Any grant award under the Scheme may become repayable in its entirety if the investment should move outside of the district within three years of the award of funding, or if agreed performance targets are not met, or if the State Aid rules are contravened.
- 1.4.9.7. Unsuccessful applicants will be sent a letter providing information on the reasons for the decision. There will be no right of appeal but they will be entitled to reapply through a new EOI, which will be assessed in the light of the reasons for rejecting the earlier proposal.

## **1.5. Management of the appraisal process**

### **1.5.1. Scheme Management**

- 1.5.1.1. A Programme Team will be established to oversee and manage the implementation of the Scheme. The key personnel with respect to the appraisal system will be: the Corporate Director (Public Experience) who will have overall accountability for the Scheme and for the appraisal system; the Regeneration Manager who will ensure that applications are appraised in accordance with the Project Appraisal Manual and will report directly to the Grants Panel; and the Schemes Project Officers, who will carry out appraisals and coordinate external appraisals (as necessary), and who will make funding/project recommendations to the Regeneration Manager.
- 1.5.1.2. Business and technical support can be provided by the Council's: Business Advisor; Economic Development and Regeneration Officer; and Enterprise and Innovation Officer.
- 1.5.1.3. The main responsibilities of those directly involved in the management of the Scheme are set out below.
- 1.5.1.4. Corporate Director: The Corporate Director will have overall management responsibility for the Scheme, acting for the Council.
- 1.5.1.5. Regeneration Manager: The Regeneration Manager will be responsible for the day-to-day management of the Scheme, and will:
- Ensure consistency and high quality in delivering the Scheme;
  - Ensure the collection of high quality performance management data;
  - Provide secretariat functions for the Programme Team and Grants Panel;

- Ensure applications are appraised in accordance with the Project Appraisal Manual;
- Prepare Grant Offer Letters with Terms and Conditions to Beneficiaries;
- Disburse agreed grants to beneficiaries according to the Terms and Conditions of Grant Offer Letters to Beneficiaries;
- Ensure beneficiaries comply with State Aid regulations;
- Be responsible for an evaluation of the Scheme as and when resources are fully expended; and
- Supervise day-to-day management of the Project Officers and Technical Support Officers.

1.5.1.6. Project Officers: The Project Officers will report to the Regeneration Manager, and be responsible for:

- Coordinating the work of the Programme Team and Grants Panel (with the Regeneration Manager);
- Ensure that communications are consistent and accurate;
- Assessing Expressions of Interest for eligibility for progression to Full Application;
- Ensuring that Scheme appraisals are carried out;
- Carrying out appraisals;
- Presenting projects at meetings of the Grants Panel; and
- Reporting on the Schemes performance to the Programme Team and ensuring that key risks and performance issues are highlighted at an early stage.

## 1.5.2. Expert Review

1.5.2.1. The Council will draw on experts in specific industries to review applications in specialised fields with respect to particular aspects such as markets and demand.

## 1.5.3. Grants Panel

1.5.3.1. Decisions on the appraisals will be made by the Grants Panel.

1.5.3.2. The Grants Panel will consist of up to five voting members:

- One elected representative of the Council (Chair);
- Corporate Director, Public Experience (Deputy Chair);
- Finance and Procurement Manager;
- Executive Director Haven Gateway Partnership; and
- Representative of the business community.

N.B. The Regeneration Manager will attend/participate in meetings of the Grants Panel in an advisory and non-voting capacity.

1.5.3.3. The quorum of the Grants Panel will be three voting members. In the event of a panel meeting being inquorate, decisions for grant applications up to £10,000 may be delegated to the Regeneration Manager in consultation with the Chair, provided no objections are received from other Panel members.

The voting structure of the Panel is that decisions are passed with a simple majority rule, or in the advent of there being no clear majority, the Chairman will have the deciding vote.

**1.6. Record keeping and Freedom of Information**

- 1.6.1. In order to meet the requirements of the Freedom of Information Act 2000 and Environmental Information Regulations 2005, reasons for decisions about applications and claims will be recorded properly on file at all stages. This record keeping will also ensure that there is a clear audit trail for all applications. Administrative records will be kept for all applications irrespective of their success.

Guidance on the Freedom of Information Act can be found at: <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>

## 2. PART 2: ELIGIBILITY AND STATE AID: EXPRESSION OF INTEREST STAGE

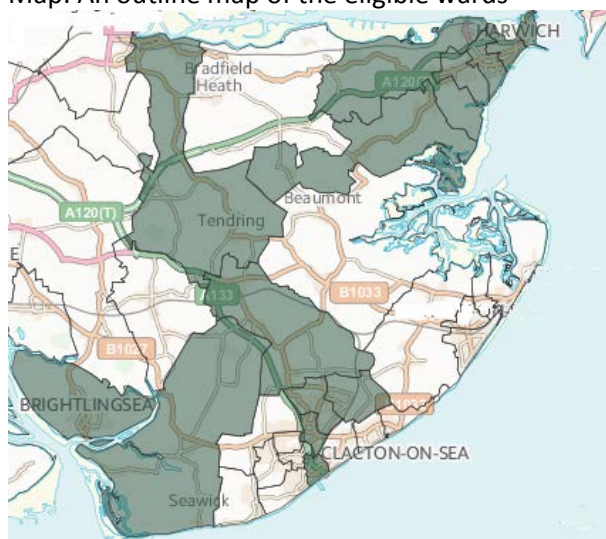
- 2.1.1. Eligibility will be checked by the Project Officer on receipt of an EOI. Further checks will be made at the appraisal stage. The criteria are given below:

### 2.2. Location

- 2.2.1. Proposed investment activity must be based within the Tendring Assisted Area. The relevant electoral wards are set out below and identified on the map accordingly:

Brightlingsea Ward  
Burrsville Ward  
Great and Little Oakley Ward  
Harwich East Ward  
Harwich East Central Ward  
Harwich West Ward  
Harwich West Central Ward  
Little Clacton and Weeley Ward  
Manningtree, Mistley, Little Bentley and Tendring Ward  
Pier Ward  
Ramsey and Parkeston Ward  
St. Johns Ward  
St. Marys Ward  
St. Osyth and Point Clear Ward

Map: An outline map of the eligible wards



A postcode search is available from an interactive map here:

<http://www.ukassistedareasmap.com/ieindex.html>

To check eligibility enter the Company's postcode into the search field on the right hand side.

- 2.2.2. The relevant address is where the investment proposal will take place and where new staff will be located or based (not necessarily the business's main location or registered office). If no address can be given at EOI stage, then

further clarification will need to be sought before “approval to progress” can be given.

### **2.3. Grant size**

- 2.3.1. Grants from £3,000 to £150,000 are available under the Scheme. Any application for funding which falls outside of this range will be rejected.

### **2.4. Company size**

- 2.4.1. Grants are only available for micro, small, and medium sized enterprises. The European Commission<sup>1</sup> defines these as follows:
- A micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million;
  - A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million; and
  - A medium-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance-sheet total does not exceed EUR 43 million.
- 2.4.2. These definitions apply to the whole organisation (parent company and its subsidiaries) not just the applicant organisation.

### **2.5. Legal status**

- 2.5.1. Eligible businesses may be: sole-traders (self-employed); partnerships; limited companies; not for profit businesses (community interest companies); companies limited by guarantee; and industrial and provident societies. A charity may apply if it has a trading arm under one of these legal entities.
- 2.5.2. A start-up business would need to identify what legal status it intends to take before it could apply.

### **2.6. Start-up businesses**

- 2.6.1. Only start-up businesses in the primary area are eligible to apply.
- 2.6.2. The assessment will take a flexible approach to defining a start-up business. A business which has registered as a limited company may be a start-up if it has not commenced significant trading or if it is less than 12 months old.

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<sup>1</sup> The European Commission’s definition of business sizes’ is here: [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm)

- 2.6.3. The test for additionality remains: if a new business has started trading and the sole-trader is working full-time in it, grant support is unlikely to provide additional benefit if no further job is created.

## **2.7. Capacity to trade**

- 2.7.1. As a minimum, the applicant must have a bank account for the business. A personal account will not be acceptable.

## **2.8. Qualifying Sectors**

- 2.8.1. The project proposal must be directed to growing the level of business activity and employment in the: Manufacturing; Engineering (Mechanical/Electrical); Research and Development; Energy; Low Carbon; and Maritime sectors and the associated supply chain businesses serving these sectors.
- 2.8.2. If the proposed activity is not obviously within these defined sectors, the Project Officer should seek guidance from the Regeneration Manager, and /or Grants Panel, as appropriate.
- 2.8.3. The business making the application need not have its primary activity in the defined sectors but the project for which it is seeking grant must be in one of the defined sectors.
- 2.8.4. The applicant Company's official Standard Industrial Classification (SIC) Code for their organisations sector of business activity can be found on their Companies House page, search for their details here: <http://wck2.companieshouse.gov.uk/wcframe?name=accessCompanyInfo>

## **2.9. Eligible costs**

- 2.9.1. Project costs (Capital or Revenue) relating to starting or growing a business will be considered as eligible expenditure.
- 2.9.2. For existing businesses costs of growth might include, but are not limited to, the following:
- New employment costs (comprising gross wage and statutory social security contributions), freelance costs, professional fees relating to the investment (but not regular fees e.g. accountancy);
  - Acquiring, fitting out, or refurbishing premises for the use of the business;
  - Launch, marketing and publicity for a new business or product;
  - Vehicles essential to business;
  - Equipment such as computer, recording, video, tools and equipment – purchase and lease or hire costs may be considered;
  - Materials necessary to deliver against the project proposal (but not ongoing replacement of consumables);
  - Intangible assets such as patent rights, and licenses; and



- For new businesses only, the first year's cost of rent, services, accountancy and similar overheads may be included in the total investment.

2.9.3. For existing businesses the following costs are ineligible:

- Employment costs of existing staff;
- Current ongoing and regular costs of running an existing business (e.g. rent, services, accountancy). However a new business may include the first year of such costs as part of the investment;
- Routine investment e.g. upgrading of products with a short lifespan;
- One-off design projects;
- Acquisition of land or buildings other than for use of and by the applying business as part of its growth plan; and
- Assistance to underpin a contract bid under the rules of competitive tendering.

2.9.4. For start-up businesses, where the investment is for the whole business, the Scheme will be more flexible about what may be deemed eligible. However the applicant will need to demonstrate in their Business Plan that any cost included that is defined above as ineligible (e.g. rent) is an essential component of their business investment.

## **2.10. State Aid**

2.10.1. Generally Grants will be made under the *de minimis* regulations for State Aid. Under *de minimis*, a business may not receive more than 200,000 euros (c £160,000) assistance from state sources within any rolling 36-month period. This would include, but not be limited to, any grant awarded under the Scheme.

2.10.2. If grant support through the Scheme would exceed the *de minimis* level, businesses may consider their potential eligibility under General Block Exemption Regulations (GBER). The likelihood of this is considered to be very low and so the GBER framework is not covered in this Manual.

2.10.3. State aid includes:

- Some European grants;
- Public sector grants. This includes government, local authority, NDPB, and National Lottery grants; and
- Preferential loans (where the State Aid is the difference between the preferential and commercial rate).

2.10.4. A more complete list is given in Annex A.

2.10.5. A beneficiary SME procuring work for a public body is not State Aid.

2.10.6. As part of the application process, applicants will be informed of this requirement and of what is included in State Aid. For the EOI as well as for the application stages, applicants will be asked to provide a list of the State Aid received over the previous thirty six months, including grants, loans, and

subsidies provided by the public purse. If the State Aid is close to or above the total allowed, the EOI will be referred back to the Project Officer to double check with the applicant.

- 2.10.7. As part of the State Aid requirement applicants will also be asked to provide information on any applications they have made or intend to make to other Local/Regional/National funding schemes for which they may be eligible. Of itself, an application to another fund will not make an application under the Scheme ineligible. However, it may raise issues of *de minimis* and of double counting of outputs.

N.B. The Council is not responsible for advising on and determining whether any Grant awarded to an applicant constitutes State Aid nor is it liable for any repayments if the award of Grant is subsequently found to be State Aid.

### **2.11. Jobs**

- 2.11.1. In the EOI applicants must state how many jobs their project will create or safeguard. At Full Application they will be asked further detail on full/part time/ freelance, skills, salary and start dates. Payment of parts of the grant funding will be linked to these milestones.
- 2.11.2. Jobs are defined as permanent posts or contracts of at least 12 months for at least 15 hours/week. A full-time post must be 30+ hours/week; and a part-time post 15-29 hours/week.
- 2.11.3. New jobs need not start immediately on approval of a grant; jobs growth may be projected over up to three years. However payment of grant will be subject to at least one job having commenced.
- 2.11.4. Some flexibility will be permitted in defining the timing of new job starts for start-up companies, particularly for sole-traders where the job might formally have commenced before trading activities, and before issuing a Grant Offer Letter.
- 2.11.5. Employment of freelancers can be considered, with full-time equivalency on the same basis as part-time work. In this case the applicant must state the business case for this form of employment over conventional direct employment, and say why this is a sustainable solution.
- 2.11.6. Jobs must be contracted directly to the applicant. Jobs achieved by tenants or subcontractors are ineligible. Tenants and subcontractors may apply in their own right if eligible, and packaged applications from two or more businesses may be considered.

### **2.12. Leverage of private sector investment**

- 2.12.1. Grants of up to 50% of the total investment cost are available. The match funding must be from private resources. It will strengthen an applicant's case if they can evidence private match of above 50%. The Scheme KPI ratio for private investment/grant is 77/23.

- 2.12.2. The source of private funding could be reserves, loans, and/or shares and/or other sources. A list is set out in Annex B together with information on the level of evidence required. Generally the match funding should be cash, and must be shown as a reserve in a bank account. The value of labour or services will not be eligible as private investment. Guarantees will not be eligible as private investment.
- 2.12.3. In certain limited circumstances in-kind match funding may be eligible. For example:
- Equipment purchased or acquired after an application has been approved, for the use of the project (or an appropriate proportion if not for the exclusive use of the project); and
  - The use of non-residential premises over 12 months – the match funding to be the equivalent of the current commercial rent for the whole or part of the premises used by the project.
- 2.12.4. For the EOI, applicants will be asked to list the sources of match funding they intend to use. Any reliance on in-kind match funding will have to be checked with the Regeneration Manager before authorisation to progress can be given.

### **2.13. No prior commencement**

- 2.13.1. The project cannot have commenced prior to **June 2015**. Start here means a legally binding commitment to purchase equipment or employ staff.
- 2.13.2. If the project has commenced prior to **June 2015** or if legally binding commitments to purchase equipment or employ staff have been entered into, the project application may be deemed ineligible on the grounds of non-additionality – that is, the project was not dependent on the grant to go ahead.
- 2.13.3. There are limited exceptions to the “no prior expenditure” rule, for example research and feasibility work undertaken or planned to help identify options, or to secure the possibility of an option, and one-off purchase opportunities.
- 2.13.4. A more serious difficulty may arise if the applicant incurs significant expenditure on physical assets associated with the project before the offer has been agreed and signed. Whilst each application must be treated on its merits, in most cases such commitments or expenditures demonstrate the applicant’s intention to carry out the project irrespective of assistance and would result in the application being rejected or reduced.

### **2.14. Checking eligibility**

- 2.14.1. The Project Officer will normally assess the EOI to initially assess eligibility. The EOI Assessment Form sets out the criteria (see template at Annex D). For each criterion the Project Officer will list whether it is met/not met (with a comment as necessary). The Project Officer may contact the applicant to clarify points as necessary.

2.14.2. Where eligibility criteria are not met, the Project Officer will consider whether this is absolute or whether with further work the application could be eligible.

**2.15. Expression of Interest: Assessment of Activity**

2.15.1. A basic assessment of the activity to be funded will be undertaken. The following questions will be asked:

- Is the nature of investment clear? What will the grant be used for?
- Is it clear how the investment will help the business to grow or start up?
- Do the outputs (jobs created/safeguarded) proposed represent a reasonable return on the grant invested?
- Does it appear likely that the applicant will be able to commence drawdown of the grant before **May 2016**?

2.15.2. If the answers to these questions are negative or uncertain, then the Project Officer will recommend that the application be rejected or the applicant will be asked to do further work before a decision is made on whether to allow a Full Application.

2.15.3. The Project Officer will complete the assessment form with recommendations on whether to progress to Full Application (with advice if needed), reject (with reasons), or further work needed (explained). The Regeneration Manager will make the decision on the basis of the Project Officer's recommendations.

### **3. PART 3: APPRAISAL OF FULL APPLICATION**

- 3.1.1. The purpose of project appraisal is to ensure that grants are provided only to projects that would not have gone ahead without the aid, that have a good chance of becoming sustainable, and that provide a net benefit to the wider economy, particularly through the creation and safeguarding of jobs.
- 3.1.2. Applications to the Scheme will be assessed on a case-by-case basis against the criteria set out in this Project Appraisal Manual. These are designed to ensure that the appraisal is fair, auditable and transparent. Appraisals will be proportionate to the size of the grant requested.

#### **3.2. *Application and supporting documentation***

- 3.2.1. The Full Application will consist of the completed application form and supporting documentation. The supporting documentation is as follows (with exceptions as noted):
- 3.2.1.1. Business Planning
- Business Plan detailing the business activity and future plans, and management / staff structure;
  - Investment Plan (where the investment project is not the totality of the business's activity);
  - Any relevant market research undertaken, together with a marketing/sales plan (if not contained in business/investment plan);
  - A sensitivity analysis (if not contained in the business plan);
  - Risk analysis; and
  - Investment timetable and milestones, including key purchases and job starts.
- 3.2.1.2. Budget
- A spreadsheet detailing the Project Budget;
  - At least 2 years projected balance sheet and profit and loss statements (for the investment project);
  - At least 2 years monthly cash flow forecast (including any forecast loan repayments) (for the investment project); and
  - Evidence of private match funding listed on the application form, including bank or other loans sought or obtained.
- 3.2.1.3. Business status and history
- Certificate of Incorporation (if relevant);
  - In the case of a not-for-profit business, a copy of the Memorandum and Articles of Association, rules or governance documentation;
  - Current bank statement;
  - Previous six months' bank statements. (Not required for start-ups);
  - Up to 3 years' statutory audited/unaudited/drafted accounts (dependent on how long the business has been in existence) (this documentation will not be required for start-ups);

- CVs for the Directors, Management Team and, if applicable, key project staff. This must include any previous Directorships;
- Details of any County Court Cases against the company or other companies in which directors or managers have had an interest, in the last three years; and
- Details of any discharged or undischarged bankruptcies of directors and managers.

3.2.1.4. Other

- Signed declaration in relation to State Aid received in the previous 36 months and listed in the Full Application form; and
- Copies of any planning approvals, or licences or similar (if relevant).

**3.3. Approach to the appraisal**

3.3.1. In carrying out the appraisal, the Project Officer will use the Full Application Form and supporting documentation. The Project Officer may also need to contact the applicant directly to clarify aspects of the application or ask for further information.

3.3.2. The basic eligibility checks will have been done at the EOI stage. These will be double checked at Full Application, particularly those on State Aid and eligible investment(s).

3.3.3. If the application is eligible the Project Officer should assess the application under the following headings:

- Business Status and overall viability
  - Legal status;
  - Bank account available;
  - Number of employees;
  - Turnover, profit and balance sheet; and
  - Other grounds for concern.
- Investment and jobs:
  - Short-term growth projections and new jobs arising;
  - Medium-term growth projections and new jobs arising;
  - Nature of employment (full-time, part-time, freelance);
  - Value for money – number of jobs in relation to the grant applied for, displacement; and
  - Other benefits.
- Additionality and Sensitivity
  - How necessary is the grant;
  - Have alternative sources of finance been sought;
  - Private investment leverage and credibility;
  - Investment cost; and
  - Premises risks.
- Business Planning

- Demand, sales, marketing plan;
- Cashflow projections;
- Management capability;
- Timescales; and
- Risk management.
- Other
  - State aid compliance; and
  - Credit Check and other due diligence measures.

3.3.4. For each section the Project Officer will make an assessment and give a mark of 0-5:

5 – negligible risk of non-performance in this area, excellent basis for approval;  
 4 – low risk of non-performance, sound basis for approval;  
 3 – medium risk of underperformance, meets benchmark standards, enough credibility for approval;  
 2 – meets threshold levels but inadequate supporting information provided or high risk of underperformance, unsound basis for approval;  
 1 – fails to meet threshold level, very unsound basis for approval; and  
 0 – significantly below threshold level, or is ineligible for funding, and rejection should be considered on these grounds alone

3.3.5. Scores will be weighted at 1x, 2x, or 3x. Weightings are shown at Annex G.

3.3.6. The Project Officer will then reach a conclusion and make a recommendation with comments, and suggest relevant milestones and/or conditions.

3.3.7. The Regeneration Manager will review the appraisal and make a recommendation to the Grants Panel. The recommendations may be:

- To approve (with conditions if appropriate);
- To reject (with reasons); or
- To recommend that further work be done by the applicant on specific issues (to be identified with an indication of work to be done) before the application be reconsidered

3.3.8. The assessment and recommendations will be recorded on the appraisal summary template. The summary appraisal will be made available to the applicant as well as to the Grants Panel.

3.3.9. The Project Officer may contact the applicant to clarify issues or seek further information as necessary.

### **3.4. Eligibility**

3.4.1. The Project Officer will be required to reassess compliance with the eligibility criteria, checking whether they are still met, not met or not clear. They will consider the following:

- Is the legal status clear?

- Is the business an SME?
- Is the amount of grant requested within the Scheme thresholds: £3-£150k?
- Is the project location eligible?
- Is the business in one of the eligible sectors?
- Have sources of private sector match been identified?
- Has the proportion of private sector match funding been confirmed, with the correct supporting documentation?
- Is the investment eligible?
- Will the project start after likely decision date and before **May 2016?**
- Is the business compliant with State Aid regulations?

3.4.2. If at any time in the appraisal the Project Officer thinks the application may be ineligible they should refer back to the Regeneration Manager. The State Aid, private sector match funding and eligible investment criteria will require further work as part of the full appraisal. As State Aid is fundamental, the Project Officer will do this first to ensure that time is not wasted on appraising an ineligible application.

### **3.5. State aid: De Minimis**

- 3.5.1. The applicant will list all sources of State Aid over the previous 36 months. Examples of what counts as State Aid are included at Annex A. Supporting documents will include a signed statement verifying this information. The Project Officer will check that the total of State Aid for the past 36 months does not exceed 200,000 euros (converted to sterling at the current exchange rate; using the EC conversion table [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/infoeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm))
- 3.5.2. If the Project Officer has any doubts that the list is incomplete they will examine this further with the applicant.
- 3.5.3. The framework for eligibility under State Aid - *de minimis* or the General Block Exemption Regulation (GBER) (see below) will have been established at EOI stage. If the Full Application still appears to be ineligible under *de minimis* it will be referred back to the Regeneration Manager to speak directly to the applicant to explain why the application is now ineligible under the *de minimis* rules. The options then will be to determine whether the application could be exempted under the GBER rules or whether the application will need to be rejected at this stage.

### **3.6. State aid: General Block Exemption Regulation (GBER)**

- 3.6.1. There may be a very few applications where the *de minimis* criteria are not met, but where the application of the GBER rules might allow the application to be eligible and to proceed. These will be dealt with on a case by case basis.



### **3.7. Credibility of match funding**

3.7.1. The application will list amounts and sources of private match funding, and evidence should be provided in the supporting documents.

3.7.2. Questions:

- Has the applicant identified only private match funding? Public match funding will be discounted;
- Are the sources and amounts supported by the evidence provided (Annex B sets out the evidence required for different kinds of match funding);
- If not already committed, is there evidence that the amounts identified will be forthcoming within the timetable identified;
- If use of premises is being used as match, is there evidence that the match funding identified is equivalent to the current commercial rent for the whole or part of the premises used by the project (NB. Discounted rents offered by a public sector landlord will be counted as State Aid);
- If equipment is being used as match is there evidence of its value, and proof that it will not be purchased/acquired until after the offer has been made and why is the equipment itself being used as match rather than the money to acquire it; and
- Taking evidenced sources of private match funding together, does the application pass the eligibility threshold of 50% or more for start-ups, or 75%\* or more for existing businesses (\* for existing businesses 25% of investment can be calculated from prior spend between **June 2015** and the date of application, however 50% of investment MUST be future spend).

### **3.8. Eligible investment**

3.8.1. The Project Officer will look in detail at the investment proposed, as set out in the Full Application form, and check that the project costs are eligible against the criteria listed in Section 2.9.

### **3.9. Assessment of the proposal**

3.9.1. Viability of the business

3.9.1.1. The business undertaking the investment project must be viable, and the project must have a reasonable chance of being self-sustaining by the completion of the project. If the activity for which grant is sought is not the business itself, then the viability of the overall business will be separately appraised.

3.9.1.2. The Scheme cannot be used to support undertakings or businesses in difficulty. Under the Rescue and Restructuring Framework (OJ 2004/C244/02), the European Commission defines “in difficulty” to mean where a business is unable, whether through its own resources, or with the funds it is able to obtain from its owner, shareholders, or creditors, to stem losses, which, without outside

intervention by the public authorities, will almost certainly condemn it to going out of business in the short or medium term.

- 3.9.1.3. The Scheme may be used to save existing jobs in businesses that are not in difficulty; where there is a strong likelihood they would be lost without the investment.
- 3.9.1.4. For existing companies an initial viability check will include a credit rating check based on the historical financial information filed at Companies House. The business can be rated as:
  - Secure;
  - Stable;
  - Normal;
  - Caution; or
  - High risk
- 3.9.1.5. Businesses that are rated as caution or high risk are unlikely to be awarded grant.
- 3.9.1.6. Where a director of a business applying for a grant is known to have been bankrupt, but is now discharged or has been given permission by the bankruptcy court to be a director, this would not automatically rule out acceptance of the grant application, but it is a factor that would have to be taken into account in considering the viability and probity of the applicant organisation. Where a director was found to be an undischarged bankrupt who was not entitled to be a director of a company, this would be grounds for considering prosecution of the director and would lead to rejection of the organisation's grant application.
- 3.9.1.7. Caution will be exercised when handling applications from "phoenix" companies. Reasons for failure of the previous business should be investigated, and special attention will be paid to the viability of the new operation. Checks will also be made into the financial history of the directors involved in the new business.
- 3.9.1.8. Otherwise, credit checks on individuals will only be made for sole-traders and start-up businesses for which there is no historical financial information and where the Project Officer is considering recommending approval.
- 3.9.1.9. A question on the application form asks whether (if applicable) the business is registered for VAT and whether the applicant's VAT, tax, PAYE and business rates are paid to date. If the answer is no, the applicant will be asked for clarification.
- 3.9.1.10. Once these checks have been made, the Project Officer will need to consider other issues that will affect the viability of the overall business. The level of scrutiny will be proportionate to the size of the business and the level of grant support applied for. Generally, it

should include a high level financial review for parent companies and a check on governance arrangements.

3.9.1.11. For a parent company, the Project Officer will conduct a high level review of its financial performance and balance sheet provision to check that the company will be capable of paying its debts as they fall due for the foreseeable future. In many cases, this decision will not be clear cut. However, if the Project Officer's view is that there is at least a 50:50 chance that the business will both survive in the short-term, and will be able to deliver sufficient profits to embed the jobs and benefits outlined in the application into the local economy, the appraisal on this aspect is likely to be positive. The parent company's financial strength is also relevant if it is offering a parental guarantee, provided that that guarantee is not funded through public sources (State Aid).

3.9.1.12. On governance, the Project Officer will make more thorough checks if they have concerns that the arrangements may be inadequate. They will also check the governance arrangements for start-up companies.

3.9.1.13. Initial questions will include:

- Are the appropriate governance arrangements in place for the legal entity the business has adopted;
- Are the governance arrangements sufficiently robust for the planned growth of the company;
- Have key governance positions been filled, are they named, and have Curriculum Vitae (CVs) been provided with the application;
- Has the application been signed by the person(s) with authority to do so; and
- Is there evidence in the business plan that governance arrangements are operating effectively.

3.9.2. Viability and growth of the business/project for which grant is sought

3.9.2.1. For the purpose of this grant process, a higher degree of risk is acceptable than might be the case with an application for a commercial grant or loan.

3.9.2.2. The Project Officer will assess the business/investment plan and project budget, and use other information in the application, such as that on risk, to determine whether, with the intervention of the grant, the project appears to be viable and the business is likely to grow. In assessing viability and growth, the Project Officer will also consider the relevant experience and qualities of the project lead or management team. The need/market for the service/goods is also crucial to viability. Risk and market are separately considered below.

3.9.3. Business/investment plan

3.9.3.1. Questions on the business/investment plan include:

- Has the business plan been adequately completed? If not, the Project Officer will need to speak to the applicant to clarify. If the business plan is poor, it will be necessary to return the application to the applicant for further work.
- Is the narrative in the business plan coherent and consistent with the financial forecasting, and are the assumptions made reasonable?
- Does the business plan, taken together with the financial information, provide evidence that the business will be able to deliver the job outputs promised, over a 1-3 year timescale?
- Are the forecasts for growth reasonable and soundly based?
- Does the business plan reference permissions that are essential to the business, costs and timings?

#### 3.9.4. Financial information

##### 3.9.4.1. Questions on the financial information provided include:

- Has the project budget, projected balance sheet, profit and loss statements, and cash flow forecasts (for at least two years, and covering the period of forecast jobs growth) been accurately completed, and are they consistent with other information in the application?
- Has the costs of the investment (e.g. plant and equipment) been included, and are they reasonable?
- Has the match funding and any resulting obligations e.g. loan repayments been correctly identified and entered into the financial forecasts? How secure is the match funding where not already committed? Have any risks (e.g. around repayments, exceeding overdraft limit) been identified, and is there credible contingency planning (see also match funding below)?
- To draw down the grant, the equivalent amount of private sector funding must be spent first. Is this reflected in the budget and forecasts?
- Are project costs reasonable, and is there evidence to support the costs of major items of expenditure and salary levels? Have any significant items that might materially affect the viability of the project been forgotten?
- Are forecast sales and other revenues reasonable in terms of unit price, number, and when they will be realised? Has a sensitivity analysis been undertaken to identify the impacts of (for example) reduced sales volume, late payments, lower prices, and higher costs?
- Have risks been identified and are contingency measures adequate (see also market below)?
- Does the application demonstrate awareness of relevant taxation (e.g. corporation tax, business rates, NI, VAT) and has appropriate provision been made?
- To what extent do the previous years' accounts and bank statements evidence financial competence and historical forecasting accuracy? Are there any issues identified from the accounts that might affect the viability of the project?

- If the business has a parent company, to what extent will the parent company fund cost overruns to ensure sustainability? Where the parent company is providing a guarantee, does it have the ability to meet its contractual commitments in the Offer Letter (based on a high level review of its financial statements)?

### 3.9.5. Management

- 3.9.5.1. Business success often requires both creativity and business acumen. Not all the attributes required will reside in the existing management/project team or sole trader. The application and business plan should demonstrate an awareness of what is required, and evidence through CVs of who has the relevant expertise, and, if not, how it will be brought in e.g. through new jobs, freelance or professional fees, or through Board members. For start-ups, the application should demonstrate an awareness of the skills required, and explain where those skills will come from. For growing businesses, the application should demonstrate an awareness of how expansion may increase and alter the skills needed to run the business, particularly people management skills.
- 3.9.5.2. The Project Officer will consider the evidence in relation to the kind and size of business. Relevant attributes include:
- Evidence of successful creativity in the field and/or the ability to buy it in;
  - Business acumen in the field, e.g. experience of relevant markets;
  - Management/project management experience;
  - For expanding businesses, the ability and capacity to manage people; and
  - Access to competent financial and legal advice and use of professional accountancy.

### 3.9.6. Evidence of demand/market

- 3.9.6.1. The existence of a market is fundamental to the viability and growth of the business. The Project Officer will consider the evidence from the application, business plan, the marketing plan and any separate market research.
- 3.9.6.2. Questions include:
- Has the applicant provided good evidence of the demand/market for the goods/service produced?
  - Does the application explain where the market is – local, regional, national, international - and are the methods for reaching that market credible?
  - Does the application show current effective use of websites/social media and/or demonstrate how they will be used in the future?

- How does the business intend to expand existing or enter new markets, are the forecasts credible, and are they consistent with the financial forecasts?
- Are goods/services realistically priced for the intended market, and how will the business deal with any downturn in demand?
- Does the application demonstrate an awareness of who their competitors are in the intended market, and of how they will maintain and expand their market share?

3.9.6.3. Some of the industries within the eligible sectors will be specialised. Where necessary, the Council may need to bring in experts to review the appraisal, particularly with respect to specialist markets.

3.9.7. Jobs created or safeguarded and value for money

3.9.8. The Project Officer will first check that the forecast outputs are legitimate, realistic and properly costed, and then consider the outputs from a value for money perspective. The primary output is jobs created or safeguarded in Tendering. Private sector investment attracted is also an output which will be positively considered if the ratio is higher than the Scheme KPI (The Scheme KPI ratio for private investment/grant is 77/23).

### **3.10. Job definitions**

3.10.1. A full-time job is 30 hours per week or more. A part-time job is 15-29 hours per week. Below 15 hours per week is not counted as a job. Part-time jobs can be added together to create full time equivalents (FTEs).

3.10.2. An apprentice counts as a full-time job. They may also be considered under other benefits (below).

3.10.3. For start-ups and small businesses, use of freelancers is often a more flexible and less risky route to expansion than creating a permanent job. Larger businesses may bring in professionals when needed, rather than employ them. The application will ask for information on freelance hours. These may be counted as job outputs if it is demonstrated in the business plan that use of freelancers is a sustainable long-term element of the business/investment plan, and their use adds up to an average of 15 hours per week, in which case they will count as the equivalent of part-time or full-time jobs.

3.10.4. New jobs

- 3.10.4.1. The Project Officer will consider whether the job targets in the application are realistic, taking account of the following:
- Have salary levels and on-costs been realistically calculated, taking account of wage levels for equivalent jobs in the district? Are the appropriate on-costs included?
  - Are proposed salary levels at or above the relevant minimum wage?

- Has the applicant identified how it will seek to recruit, how easy it will be to recruit, and where necessary included recruitment costs in the business plan?
- Will the applicant recruit locally? Will the applicant make use of Jobcentre Plus, schools, colleges, and other local networks?
- Has the applicant realistically forecast when the new jobs will start? This is important as the job start will be the trigger for grant payment.
- Has the applicant included any provision for staff training and development?
- Has the applicant indicated any intention to take on apprentices or offer work experience?

3.10.5. It is likely that some projects will be individuals seeking support to start up their own business, thereby creating a job. This would be a legitimate use of the fund.

3.10.6. It is not expected that all new jobs will start from day one after the investment. Indeed the Scheme is designed to stimulate sustainable growth. Therefore projected jobs growth up to three years after the investment will be eligible. The business plan must substantiate the medium-term growth plan and revenues to sustain all jobs.

3.10.7. A business cannot double-count job outputs if it is receiving a grant from another source of public funds. That is, it cannot claim the same job output from two public programmes. Any additional grant must be for additional jobs, which must be clearly identified and justified. The Project Officer may need to double check with the source of the other grant if this is in doubt.

3.10.8. If the applicant is moving a business into Tendring's Assisted Area from another part of the District, the Project Officer will need to check that new jobs are being created and not simply being displaced from another part of the District. Relocating businesses are eligible for support if they can demonstrate jobs growth as a consequence of their move (see displacement below).

3.10.9. Safeguarding jobs

3.10.9.1. For safeguarded jobs, applicants must be able to demonstrate that these jobs would be lost (normally within 12 months) if the project did not go ahead.

### **3.11. Value for Money**

3.11.1. Having checked that the forecast outputs are legitimate, realistic and properly costed, the Project Officer will consider the outputs from a value for money perspective.

3.11.2. The overall target for the Scheme is to create or safeguard at least 70 FTE jobs, for a Scheme investment of £500,000 (net of management and delivery costs). This would indicate an average Scheme investment per FTE job of

£7,142. Individual applications may be above or below this average. A higher cost per job might be acceptable but would need more justification e.g. achieving a critical mass of investment, high initial investment in equipment, other employment benefits from the project such as freelance hours, and greater potential to create more jobs in the future. Generally a Scheme investment of less than £7000 per FTE job will achieve a higher score. A business that creates new jobs will score the same as one that safeguards jobs.

3.11.3. The Project Officer will also consider the private sector funding leverage, which is the other primary output for the Scheme. This will initially be dealt with as an eligibility criterion. However if an applicant achieves a higher ratio than the Scheme KPI (the Scheme KPI ratio for private investment/grant is 77/23) then this will be positively marked as part of the assessment.

3.11.4. The Programme Team will monitor overall achievement and guide the Project Officers and the Grants Panel accordingly if the overall private sector leverage ratio looks to be at risk.

### **3.12. Other benefits**

3.12.1. The Project Officer will draw on the Full Application and accompanying documentation to identify other benefits. These might relate to employment, to the specific sector, or to the local area. Examples are:

- Employment: freelance hours; positive employment practices;
- Training and inclusion: commitment to training and development; apprenticeship; engaging with those seeking work in the area by, for example, providing work experience;
- Creation of indirect jobs: such as supply chain jobs;
- Sector specific: businesses that have the potential to act as a hub for further expansion of the sector because of the previous success or renown of individuals involved; and
- Local area: bringing a significant local building back into use; facilitating the provision of other local services, by, for example, sharing premises; providing a service that will positively impact on the local visitor economy.

### **3.13. Milestones**

3.13.1. The application form will include key milestones for the delivery of the project. Milestones are critical to delivery and also an indicator of effective business planning.

3.13.2. Questions:

- With reference to the business/project plan, has the applicant identified significant milestones? Are there others that should be included?
- Is the timing realistic, particularly for those milestones such as job starts, premises, and purchase of capital equipment, which affect the drawdown of grant?



- Has account been taken of external requirements that are likely to affect timing e.g. planning permission, building control, and any environmental approvals or licences?

### **3.14. Risk analysis**

3.14.1. As part of the application, the applicant will be required to undertake their own risk analysis, identifying risks, their significance, and ways to mitigate them. The Project Officer will reach their own conclusions on risks facing the business as they examine the viability of the business and the market for its goods and will assess the robustness of the applicant's risk analysis accordingly.

3.14.2. Questions:

- Has the applicant identified the significant risks?
- Are there others that should be included?
- For the risks identified, are the likelihood and impacts reasonable?
- Are the mitigating actions appropriate and likely to be effective?

### **3.15. Additionality**

3.15.1. The applicant needs to demonstrate that the grant is necessary for the business to start-up or grow, and that the grant requested is the minimum needed for that to happen.

3.15.2. The appraiser will take a triangulation approach to testing additionality. In the application form the applicant will be asked three questions which relate particularly to additionality: 1. the difference the grant will make to their growth plans; 2. how many potential sources of funding the applicant has tried and how successful they have been; and 3. what the applicant would be able to do with less funding.

3.15.3. Growth plans

3.15.3.1. The applicant will need to set out their growth plans for the next three years and to explain what difference the grant funding would make. For example: The project would not proceed without the grant; the project will proceed but at a reduced scale; the project would proceed but over a much longer timescale. The Project Officer will consider the applicants response alongside the business plan and financial forecasts and determine whether:

- The applicant has made a convincing case for grant funding.
- The applicant has identified precisely what the grant will enable, which would not happen without the Council's intervention.

3.15.4. Other sources of funding

3.15.4.1. The application asks the applicant what funders they have approached and how successful they have been. This will enable the Project Officer to check whether the applicant has tried to get

commercial loans and has exhausted other local sources of funding, thus making the SME Growth Fund grant the fund of last resort. The Project Officer will also assess the extent to which (if at all) the business is able, at this stage in its development, to bear the costs of a commercial loan. If not, this would be a further argument for the grant's additionality.

#### 3.15.5. Reduction in grant awarded

- 3.15.5.1. In order to assess whether the grant requested is the minimum required to start up or grow the business, applicants will be asked to set out what they would do if offered 75% of the grant requested. The Project Officer will use this information to determine whether the applicant needs the full grant requested to achieve the outputs identified in the application. S/he may also consider whether more outputs could be gained from the grant requested. The 25% reduction is used because it will require the applicant to assess carefully what they will actually need but is not so large that they will need to rethink the whole project.

#### 3.15.6. Displacement

- 3.15.6.1. Displacement is the degree to which an activity promoted by public policy is offset by reductions in activity elsewhere. Displacement reduces economic efficiency. A modest degree of displacement may be acceptable, but more substantial displacement may constitute grounds to refuse an application for assistance. The Project Officer will make an assessment based on the following factors:
- If the business is moving from another part of the district is it clear that it will be creating new jobs, not simply relocating jobs from one place to another?
  - Is the business likely to take business away from local competitors/supply chain businesses? If so is it likely to damage their viability or threaten closure?

### **3.16. Conclusion and recommendations**

- 3.16.1. For each section, the Project Officer will make an assessment and give a score (see Sections 3.3.3 - 3.3.4). Weightings will be applied to give a final score as a percentage. The Project Officer will then reach a conclusion, and suggest any conditions or milestones.
- 3.16.2. Based on the Project Officer's conclusion, the Regeneration Manager will make a recommendation to the Grants Panel, with comments. The recommendation(s) may be:
- To approve (with conditions);
  - To reject (with reasons given); or
  - To recommend that further work be done by the applicant on specific issues (to be identified with an indication of the work required) before the application be reconsidered.

3.16.3. The Project Officer's conclusion and recommendation(s) will be recorded on the appraisal summary report template. The summary appraisals will be made available to applicants as well as to the Grants Panel. The Panel will also have sight of the application, the appraisal template and scoring sheet, as well as access to the business plan and other documents.

## ANNEX A DBIS GUIDE ON STATE AID

### Key Criteria

State aid under the terms of the relevant European Treaty<sup>2</sup> has four characteristics. If you can respond “No” to any one of these four, then there is deemed to be no State Aid. You are, however, strongly advised to consult with the Council’s Regeneration Manager in the first instance, as well as your own legal and accountancy advisors before ruling out any State Aid implications. The Council will not take any legal responsibility for any decisions that you take in this regard.

1. It is granted by the State or through State resources

State resources includes public funds administered by the Member State through central, regional, local authorities or other public or private bodies designated or controlled by the State. It includes indirect benefits such as tax exemptions that affect the public budget.

2. It favours certain undertakings or the production of certain goods

It is an undertaking, i.e. an entity engaged in economic activity. Economic activity is activity for which there is a market in comparable goods or services. It can include voluntary and non-profit-making public or private bodies such as charities or universities when they engage in activities which have commercial competitors. It includes self-employed/sole traders, but generally not employees as long as the aid does not benefit the employers, private individuals or households.

The aid is available to certain undertakings but not others in the Member State e.g. it selects individual businesses, sectors, areas, sizes of business, or production of certain goods (a benefit available to all businesses is not State Aid but a general measure).

It favours them by conferring an advantage on them. An advantage may be direct or indirect, e.g. grants or favourable loan terms or services provided at less than market cost, or relief from charges a business would normally bear.

3. It distorts or threatens to distort competition

It potentially or actually strengthens the position of the recipient in relation to competitors. Almost all selective aid will have potential to distort competition - regardless of the scale of potential distortion or market share of the aid recipient.

4. It affects trade between Member States

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<sup>2</sup> European COMMISSION REGULATION (EU) No 1407/2013 on *de minimis* aid:  
[http://ec.europa.eu/competition/state\\_aid/legislation/de\\_minimis\\_regulation\\_en.pdf](http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf)

This includes potential effects. Most products and services are traded between Member States and therefore aid for almost any selected business or economic activity is capable of affecting trade between States even if the aided business itself does not directly trade with Member States. The only likely exceptions are single businesses, e.g. hairdressers or dry cleaners with a purely local market not close to a Member State border.

Examples of State 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
- Capital transfers
- Certain State holdings in the capital of undertakings

Less obvious examples where State Aid might arise include:

- Consultancy advice
- Advantages resulting from the activities of agencies for urban renewal
- Assistance to help companies invest in environmental projects
- Assistance to help a public enterprise prepare for privatisation
- Legislation to protect or guarantee market share
- Public private partnerships and contracts not open to competitive tendering
- Receipt of landfill tax credit funding

Some surprising examples of State Aid:

- Free advertising on State owned television
- Infrastructure projects benefiting specific users

In summary, there may well be State Aid whenever a Member State confers an advantage of a financial kind on some, but not all, undertakings by:

- Providing grants or other forms of funding (e.g. National Lottery funding)
- Waiving sums due (e.g. taxes, social security contributions, loan interest, dividends)
- Selling assets, goods or services at below market value
- Buying assets, goods or services at above market value

Aid categories that may be considered compatible include aid to:

- Facilitate development of certain economic activities or certain economic areas, where such aid does not adversely affect trading conditions and competition to an extent contrary to the common interest
- Promote economic development of areas of abnormally low standard of living or serious unemployment  
Promote an important project of common European interest or to remedy a serious disturbance in the economy of a Member State
- Promote culture and heritage conservation.

**ANNEX B**  
**EVIDENTIAL REQUIREMENTS FOR MATCH FUNDING**

Type of match funding	Required to go with full application	Required before funding can be released
Bank loan	Copy of Heads of terms or a conditional offer letter provided by the Bank. N.B this should confirm offer of funds to your Company (£ value), and be provided on Bank letterhead paperwork or similar.	Copy of Bank Loan contract document duly signed / in force, confirming funds (£ value) have been provided to your Company. N.B. if the loan contract is not new then a copy of current business bank account statement showing that the loan provided remains available to the Company. (i.e. not already exhausted)
Company own funds	Copy of current bank statement of Company confirming availability of funds.	Refreshed copy of current business bank account statement showing that the funds (£ value) remain available to the Company. (i.e. not already exhausted)
Overdraft facility	Copy of letter from Bank confirming overdraft facility available to Company.	Copy of letter from Bank confirming overdraft facility available / together with copy of current business bank account statement showing that the overdraft remains available to the Company. (i.e. not already exhausted).
Own funds inc. owner's, partner's, director's, member's loan	Copy of a current bank statement showing where monies are held confirming availability of funds.	Copy of current business bank account statement showing that the funds have been provided /transferred to the Company / are available. (i.e. not already exhausted)
Pension funds from Company	Letter of commitment from Trustees' of pension fund.	Trustee resolution confirming funding (£ value) available to the Company
Private investor/ New share capital/ New equity investors	Copy of Heads of terms or conditional offer letter provided by the investor. N.B this should confirm offer of funds to your Company (£ value), and be provided on the investors letterhead paperwork or similar	Copy of current business bank account statement showing that the funding has been provided / transferred to the Company are available. (i.e. not already exhausted).
Shareholder contributions	Heads of Terms	Shareholder agreement duly signed / in force confirming funds (£ value) have been provided to your Company, or Company bank statement showing credit values into the accounts identifying the shareholder contribution. N.B. if the shareholder agreement is not new, then a copy of a current business bank account statement must be provided identifying the shareholder contribution and showing that these funds remain available to the Company.
Investment in kind	Only in exceptional circumstances will investment in kind (eg equipment) be accepted as	In the case of purchased items: Invoice from supplier, plus bank statement showing item of expenditure and cost or other auditable document (e.g. receipt on headed notepaper) of equal

	<p>match funding. In this case an evidence of value will be required.</p>	<p>probative value, plus visual evidence of item at business location.  In the case of wages or fees: contract (or contract of employment plus wage slips), and bank statement showing item of expenditure or drawings. For buildings, evidence of level of commercial rent (e.g. in letter from commercial property agent and of any rent currently being paid.)</p>
Eligible expenditure	<p>Only in exceptional circumstances will expenditure incurred before approval of a grant be accepted as match funding.</p>	
<p>Other types of match funding can only be used with the express approval of the Scheme's Programme Team.</p>		



## ANNEX C

**SME Growth Scheme  
Expression of Interest (EOI) Form**

**Tendring**  
District Council



<b>Business name:</b>	
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### Contact Details

Contact name	Position
<b>Address:</b>	
<b>Postcode:</b>	
<b>Telephone number:</b>	
<b>Email address:</b>	
<b>Website:</b>	

### Business Informations

<b>Summary of your business activities:</b>	
<b>Business sector:</b>	
<b>Are you an existing business, or starting up?</b>	
<b>What date did you start trading, or what date do you plan to start trading?</b>	
<b>Do you have a business bank account?</b>	
<b>Bank and Branch Details:</b>	
<b>What is, or will be, the legal status of the business?</b>	
<b>Company/charity registration number:</b>	
<b>Date of incorporation:</b>	
<b>Is your business a not-for-profit business or owned by a not-for-profit organisation?</b>	
<b>How many people (if any) does the business currently employ (Full Time)?</b>	
<b>How many people (if any) does your business currently employ (Part Time)?</b>	
<b>How many freelancers (if any) does your business currently employ?</b>	
<b>Are you part of a group?</b>	

### Project Description

Describe the nature of your business investment activity?	
What kind of activity/service/ production will you be investing in?	
What will you use the SME Grant for?	
How will the investment help your business to grow (or set-up if it's a new business)	
How will the investment help create and/or safeguard jobs?	
When do you want to start the project?	

### Project Eligibility

What is the total cost of the investment (SME Grant plus private match funding)?	
How much SME Grant are you applying for (min £3,000; max £150,000)?	
How much private match funding is available for this investment and what is its origin?	
Where is/will your business/project be based (please provide the postcode)?	

### Project Outputs

Jobs created (Full Time)?	
Jobs created (Part Time)?	
Jobs safeguarded (Full Time)?	
Jobs safeguarded (Part Time)?	
Freelance posts created (Full Time)?	
Freelance posts created (Part Time)?	

### State Aid

Has your business received State Aid within the last 36 months?	
If yes, from what source was this support secured?	
Amount of support received?	
When was the support received?	

### Personal Statement

In submitting this EOI, I confirm that the information supplied is correct to the best of my knowledge and belief. I agree to this information being shared with the Tendring SME Growth Fund management team and the decision-making panel.	
Name:	

TDC/Official Use Only

**EOI Unique Reference Number:**

**ANNEX D  
EXPRESSION OF INTEREST ASSESSMENT TEMPLATE**

<b>Project Unique Reference Number:</b>		
<b>Project Officer:</b>		
<b>Progress:</b>	Started	Date:
	Awaiting further info	Date:
	Completed	Date:

**Part 1a: Contact Details**

Name of business	
Contact name	
Business Address	
Business Postcode	
Phone	
Email	
Website	

**Part 1b: Business Information**

Summary of business activities	
Business sector (by Company)	
Business sector (by Companies House)	
Start-up or existing business? <b>Check:</b> Did trading start within last twelve months, or not yet started?	
Bank account?	Yes / No
Registered company	Yes / No
Company/charity number	
Date of Incorporation	
Are they part of a group?	
If so, what is the groups size and details	
Current employees (FTE)	
Follow-up questions to applicant? (date and answer)	
Comment (internal only)	
Comment (for feedback)	
Pass/Pass with comment/Reject	

**Part 2: Grant/Match**

Total cost of investment (including prior spend)	
Amount of SME Grant applied for	
Proportion of grant requested:	Grant amount divided by total investment, as a percentage:
Is this within limits for start-up/ existing?	Yes / No
Is match-funding confirmed?	Yes / No
Is all of this from private sector sources?	Yes / No
Follow-up questions to applicant?	

(date and answer)	
Comment (internal only)	
Comment (for feedback)	
Pass/Pass with comment/Reject	

**Part 3: Project Eligibility - Location and Type of Business**

Is investment within the designated Tending Assisted Area <b>Check:</b> postcode	Yes / No
Does the business fall within one of the Scheme's identified priority sectors	Yes / No + category
Follow-up questions to applicant? (date and answer)	
Comment (internal only)	
Comment (for feedback)	
Pass/Pass with comment/Reject	

**Part 4: Project Eligibility - Investment and Growth**

Is the proposed investment on eligible items:			
	Eligible investment	Additional	Comment
	Y/N	Y/N	
Property purchase / rent			
Property upgrade / adaptation			
Equipment			
Stock			
Consumables			
Wage/salary (new staff)			
Fees			
Marketing / publicity			
Current overheads			
Other			
Other			
Other			
Follow-up questions to applicant? (date and answer)			
Comment (internal only)			
Comment (for feedback)			
Pass/Pass with comment/Reject			
Does the business have a growth strategy	Yes / No		
Follow-up questions to applicant? (date and answer)			
Comment (internal only)			

Comment (for feedback)	
Pass/Pass with comment/Reject	

**Part 5: Project Outputs - Jobs**

Total new jobs created - full-time equivalent (FTE)	
Total FTE jobs safeguarded	
Total FTE freelance jobs created	
<b>Total FTE</b>	
<b>Grant requested per job created</b>	(Grant amount divided divided by total FTE)
Under £7k	Acceptable – good value
£7k-£8k	Acceptable value
£8k-12k	Consider accepting with comment
£12k+	Consider rejecting with comment
Follow-up questions to applicant? (date and answer)	
Comment (internal only)	
Comment (for feedback)	
Pass/Pass with comment/Reject	

**Part 6: Decision**

	Project Officer's Recommendation	Decision	
<b>Accept EIO</b>			Green-light for Full Application
Send any comments:			
<b>Reject as ineligible</b>			State grounds:
Send any comments:			
<b>Reject as unviable / poor value for money / low additionality etc</b>			State grounds:
Send any comments:			

	Name	Date
Project Officer:		
Regeneration Manager:		

## ANNEX E

SME GROWTH SCHEME  
APPLICATION FORMTendring  
District Council

## Contact Details

Organisations name:	
Contact name	Position
Lead/ Contact person (if different from above)	Position
Contact Address:	
Postcode:	
Registered business address (if different from above):	
Registered business postcode (if different from above):	
Telephone number:	
Email address:	
Website:	

## Business Information

Summary of your business activities:	
Business sector:	
Are you an existing business, or starting up?	
What date did you start trading, or what date do you plan to start trading?	
Do you have a business bank account?	
Bank and Branch Details. If your starting up add when you will open your account:	
What is, or will be, the legal status of the business?	<i>Tick box for:</i> Sole trader <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Company <input type="checkbox"/>

	Community Interest Company <input type="checkbox"/>
	Company Limited by Guarantee <input type="checkbox"/>
	Industrial and Provident Society <input type="checkbox"/>
	other (please describe) <input type="checkbox"/>
<b>Company/charity registration number:</b>	
<b>Date of incorporation:</b>	
<b>Is your business a not-for-profit business or owned by a not-for-profit organisation?</b>	
<b>How many people full-time people does the business currently employ?</b>	
<b>How many part-time people (if any) does your business currently employ?</b>	
<b>How many freelancers (if any) does your business currently employ?</b>	
<b>Are you part of a group?</b>	

### More details about your business

<b>A bit more detail on what is the nature of your business? What do you do? If a start-up, what do you intend to do?</b>	
<b>Is the business registered for VAT?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>Are you VAT, Tax, PAYE and Business Rates paid to date?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable <input type="checkbox"/>
<b>If your organisation has more than one place of operation please give details of all associated business operations including addresses.</b>	
<b>If your organization is a company please give details of any associated or linked companies (no more than 250 words).</b>	
<b>Further details for existing businesses only. Please state your annual turnover at the last year end.</b>	£
<b>What was your gross profit (turnover less direct materials and direct labour costs)?</b>	£
<b>Please state your balance sheet (total assets net depreciation)?</b>	£

Note: Existing businesses must provide three years' business accounts, with the most recent being no older than 9 months.

### Project Description (Investment and Jobs)

<b>Describe the nature of your business investment activity?</b>	
--	--



<b>What kind of activity/service/ production will you be investing in?</b>																					
<b>What will you use the SME Grant for?</b>																					
<b>Explain how new investment will help your business to grow (or set-up if it's a new business)</b>																					
<b>How will the investment help create and/or safeguard jobs?</b>																					
<b>Describe the planned short term growth (up to one year). If the investment is to safeguard jobs explain why these jobs would otherwise be lost within 12 months.</b>																					
<b>Describe further medium term growth (in years 2-3 following the investment) that is projected due to continuous rise in business trading.</b>																					
<b>Short term growth (including jobs and turnover) in first year, arising from your investment (250 words):</b>																					
<b>Medium term growth (including jobs and turnover) in years 2-3, arising from business growth (250 words):</b>																					
<b>When do you want to start the project?</b>																					
<b>Business investment activity: Tick one box to describe the nature of your business. If not included in the list, please describe.</b>																					
<table border="0"> <thead> <tr> <th style="text-align: left;">Industry</th> <th style="text-align: left;">Checked</th> </tr> </thead> <tbody> <tr> <td>Manufacture of goods</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Repair and installation of machinery and equipment</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Electricity, gas, steam and air conditioning supply</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Construction (Civil and Specialised activities)</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Water transport</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Architectural and engineering activities</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Scientific research and development</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Other professional, scientific and technical activities</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Other (please describe):</td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Industry	Checked	Manufacture of goods	<input type="checkbox"/>	Repair and installation of machinery and equipment	<input type="checkbox"/>	Electricity, gas, steam and air conditioning supply	<input type="checkbox"/>	Construction (Civil and Specialised activities)	<input type="checkbox"/>	Water transport	<input type="checkbox"/>	Architectural and engineering activities	<input type="checkbox"/>	Scientific research and development	<input type="checkbox"/>	Other professional, scientific and technical activities	<input type="checkbox"/>	Other (please describe):	<input type="checkbox"/>	
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Scientific research and development	<input type="checkbox"/>																				
Other professional, scientific and technical activities	<input type="checkbox"/>																				
Other (please describe):	<input type="checkbox"/>																				

### **Project Eligibility**

<b>What is the total cost of the investment (SME Grant plus private match funding)?</b>	
<b>How much SME Grant are you applying for (min £3,000; max £150,000)?</b>	
<b>How much private match funding is</b>	

available for this investment and what is its origin?	
Where is/will your business/project be based (please provide the postcode)?	

### Investment and Jobs (Project Outputs)

Jobs created (Full Time)?	
Jobs created (Part Time)?	
Jobs safeguarded (Full Time)?	
Jobs safeguarded (Part Time)?	
Freelance posts created (Full Time)?	
Freelance posts created (Part Time)?	

In more detail, how many additional / new jobs do you expect to create within 12 months of the project start date?

How many will you safeguard (safeguarded jobs are those that would otherwise be lost within 12 months)?

Start Date	Type of job (e.g., designer, admin,)	Created Full-time (number)	Created Part-Time (number)	Safe guarded (number)	Skills level NVQ 1- 4+	Type of contract (Permanent / fixed/freelance/ apprentice)	Basic annual salary £
	Total						

- Give details of how many of each type of job (full-time or part-time), what type of contract, and the basic salary in the table.
- A permanent job is a position that is planned to last at least one year.
- A safeguarded job is one that would be lost within one year without the planned investment.
- The actual outcomes for these forecasts will be checked during monitoring.
- Grant payments may depend on job starts being achieved.

In addition to the jobs described above, How many further new jobs do you estimate you will create in years 2-3 following Investment?

Type of job (e.g., g designer, admin,)	Created No. Full-time	Created No. Part-time	No. safe guarded	Skills level NVQ 1 – 4+	Type of contract (Permanent /	Basic annual salary £

					fixed/ freelance/ apprentice)	

Note: the actual outcomes for these estimates will be checked during monitoring.

**Do you intend to recruit people locally where possible? If so, how many? How will you do this?**

**Besides job creation, what benefits will your business bring to the area (these might include using local suppliers, educational benefits, environmental improvements, etc.).**

Please write no more than 200 words:

### Additionality

**In the event that your application is unsuccessful, what impact would this have on your plans for growth?**

1. Without grant support the Investment in growth will::

not proceed  proceed

2. Investment in growth will proceed, but at a reduced scale: Yes  No

3. Investment in growth will proceed, but over a much longer timescale: Yes  No

Please explain your answer(s), including the elements that would not proceed and/or estimated timescale difference and how this would affect the project. Please write no more than 200 words:

**Reduction in grant awarded: what would you do if only 75% of the grant requested was to be awarded? Would you still be able to go ahead with your plans? What would you be able to do? What would you not be able to do?**

**What other ways of funding the project have you pursued? Please list funders approached and whether or not those approaches have been successful. If successful, please identify the amount of grant, loan or other support provided.**

Funder (e.g. named bank)	Kind of support (e.g. commercial loan)	Successful or not	Amount £

(Add lines if necessary)

**Match funding:**

- If you are an existing business you can apply for up to 25% of the total investment required.
- If you are a start-up you can apply for up to 50% of the total investment required.
- In both cases you will need to find the remainder (75% or 50%) from private sources.

Please list the sources of private match funding you intend to rely on for your match funding, and fill in the table below. Include successful funding from 3.12 (N.B. you will need to provide confirmation of match funding – see guidance notes).

Funder (e.g. named bank)	Kind of support (e.g. commercial loan)	Confirmed or conditional?	Amount £

(Add lines if necessary)

Matched funding ratio		
	£	%
Total private sector match funding		
Grant requested from SME Growth Fund		
Total		100

**Please identify the estimated total cost(s) against each activity/ purchase that is to be part of this investment project. When will the investment take place?**

Activity/purchase	Estimated date of purchase or from when activity will need funding	Estimated cost (one-off cost, or over 12 months)

(Add lines if necessary)

- Certain kinds of cost are not eligible for support – see guidance notes.
- Eligible investment expenditure will only apply after you receive a formal Grant Offer.
- You will need to allow 6-8 weeks from the date of submitting this Application form and supporting documents to a decision on the grant being awarded or rejected.
- You will need to provide evidence of actual cost e.g. quotes, relevant local salary levels in the accompanying documents and ensure that they are also identified in your Business Plan projections

**What is the basis of your legal occupation of your premises for the investment?**

Business based at home Yes  No

Licensee Yes  No

Freeholder Yes  No

Leaseholder Yes  No

Notes:

- Please give details, e.g. monthly or annual rent (say which), service charges, years left on the

lease/licence whether the property is mortgaged, etc.

- More than one answer may apply.
- For non-residential premises, you will need to provide evidence of your legal occupation e.g. lease, in the accompanying documents.

**If your project includes refurbishment / commercial property upgrade please describe briefly what works you will be undertaking and explain why they are necessary.**

Please write no more than 150 words:

## Business Planning

**What evidence do you have that there is sufficient demand in the market place for your product/service to justify the start-up or expansion of the business (reference the relevant paragraphs in your Business Plan)?**

Please write no more than 250 words:

**What skills do you have in your current staff/directors/partners/board to manage and expand your business? (Please reference relevant CVs). What additional skills are needed by the business as part of your growth plans? How do you plan to acquire these skills? Please indicate if you require assistance in sourcing appropriate training.**

Please write no more than 150 words:

Current skills (evidence with reference to CVs):

Additional skills needed:

**Please state the key milestones for the project, and when you expect to achieve them. Please include dates that will trigger significant expenditure (e.g. job start dates, purchase of capital equipment, refurbishment/construction/building costs).**

Milestone	Date (mm/yyyy)

(Add lines if necessary)

**Please state the main risks associated with your project and how they can be mitigated.**

Risk	Likelihood (High/med/low)	Impact (High/med/low)	Mitigation – what you have done or will do to reduce the likelihood of a risk occurring, and/or to reduce its impact

(Add lines if necessary)

See Guidance notes for some common areas of risk faced by businesses.

## State Aid

<b>Has your business received State Aid within the last 36 months?</b> If yes, then please complete the table below:	<b>Yes / No</b>
---	-----------------

If yes, then please complete the table below:

	Source of State Aid (funding provider, and name of grant/scheme):	Amount (£s or Euros)	Date support was received, or you expect it to be paid?
Received in last 36 months:			
Awarded but not received:			
Applied for, or planned to be applied for, but not yet decided:			

(Add lines if necessary)

## Information Required In Support of All Applications

You should submit the following information to support your grant application. Most of this should be contained in a single Business Plan, but separate clearly named documents will also be accepted (e.g. scanned certificates, licenses etc.).

For ALL businesses:

- A Business/Investment Plan detailing future plans (this is the key document – see Guidance notes for what should be included).
- Any relevant market research undertaken, (the Marketing Plan should be part of the Business Plan).
- A detailed Project Budget.
- At least 2 years' projected balance sheet and profit and loss statements (for the business/investment project).
- At least 2 years' monthly cash flow forecast (including any forecast loan repayments) (for the business/investment project).
- Sensitivity analysis.
- Proof of planning approvals, licences or similar (if relevant) (If not provided with the application, these will be required before Offer Letter is signed).
- Proof of legal occupation of non-residential business premises.
- CVs for the Directors, Management Team, and, if applicable, key project staff. This must include any previous Directorships.
- Evidence of private match funding listed on the application form, including bank statement and evidence other loans sought or obtained.
- Certificate of Incorporation (if relevant).
- In the case of a not-for-profit business, a copy of the Memorandum and Articles of Association, rules or governing documents.
- Details of any County Court Cases against the company, or other companies in which directors or managers have had an interest, in the last three years
- Details of any discharged or undischarged bankruptcies of directors and managers.
- Signed declaration in relation to State aid received in previous 36 months and listed in application form.

EXISTING businesses should provide in addition to the above:

- A Business Plan for the whole business, if the investment project is not the totality of the business activities.
- Up to 3 years' statutory audited/unaudited/drafted accounts (dependent on how long the business has been in existence).
- Previous 6 months' bank statements.

## Credit Checks

### Personal Credit Checks

(please copy and paste for any additional directors)

Sole Traders, start-ups or companies without 3 years' audited accounts will need to give permission for personal credit checks to be carried out on each partner or director. These will only be carried out if a recommendation is being made to approve the grant.

Please sign below for each partner / director.

1. I ..... hereby give my consent that Tendring District Council may disclose to a credit checking agency such of my personal data as is necessary for the Council to secure a consumer credit report for the purposes of considering my application to the Council for a business grant.

Signed ..... Date.....

Name:

Home Address:

Date of Birth:

2. I ..... hereby give my consent that Tendring District Council may disclose to a credit checking agency such of my personal data as is necessary for the Council to secure a consumer credit report for the purposes of considering my application to the Council for a business grant.

Signed ..... Date .....

Name:

Home Address:

Date of Birth:

3. I ..... hereby give my consent that Tendring District Council may disclose to a credit checking agency such of my personal data as is necessary for the Council to secure a consumer credit report for the purposes of considering my application to the Council for a business grant.

Signed ..... Date .....

Name:

Home Address:

Date of Birth:



## Declaration

I/We declare that:

- The information supporting this application is correct, and I/we accept full responsibility for it.
- I/We understand the information provided in this application will be used to assess and select proposals for funding.
- I/We agree to disclose information about this application to organisations or consultants that Tendring District Council wishes to consult during the appraisal, on-going management and evaluation of applications.
- I/we accept conditions of payment, and understand that payments may be withheld or recovered if it appears that any agreed conditions have not been complied with, or a false or misleading statement has been made.
- I/We understand and accept that, if this application is successful, the grant amount awarded will be published by Tendring District Council.
- I/we confirm that the information supplied on this form is correct and complete. If successful, this funding will be used solely for the purposes shown in the application, and will meet all the terms and conditions attached to any grant offer that is accepted.

I/We undertake that, if this application is successful, I/we will:

- Provide any further information as may be required by Tendring District Council.
- Allow access to records and premises to which this application relates for the purposes of carrying out an inspection and ensuring the compliance of this undertaking. This will include allowing access for external auditors and consultants.
- Co-operate and participate, as required, in any monitoring or evaluation exercises conducted by Tendring District Council or its appointed consultants
- Keep and submit for inspection all forms, invoices and quotes etc., which arise from the project and are evidence for claims.
- Notify Tendring District Council immediately in writing if any changes occur to the application details.

**Note: That, for partnerships, all partners must sign this form. For limited companies a director must sign the form.**

<b>Name:</b>	
<b>Signature:</b>	
<b>Status:</b>	
<b>Date:</b>	

<b>Name:</b>	
<b>Signature:</b>	
<b>Status:</b>	
<b>Date:</b>	

<b>Name:</b>	
<b>Signature:</b>	
<b>Status:</b>	

<b>Date:</b>	
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<b>Name:</b>	
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<b>Signature:</b>	
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<b>Status:</b>	
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<b>Date:</b>	
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**SME GROWTH SCHEME APPLICATION FORM – COVER SHEET**
**TDC/Office use only**

<b>Project name:</b>	
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**Application summary (for TDC/Office use only)**

<b>Organisations name:</b>	
<b>Investment project:</b>	
<b>Nature of business:</b>	
<b>Number of jobs created:</b>	
<b>Number of jobs safeguarded</b>	
<b>Where will the jobs be created or safeguarded?</b>	
<b>Address and postcode:</b>	
<b>Amount of grant applied for:</b>	£

**Office Administration (for TDC/Office use only)**

Date application received:	
Appraisal due:	
Appraisal completed:	
Project officer:	
Panel date:	
Decision:	
Grant offer / Rejection letter:	

**ANNEX G**

**APPLICATION APPRAISAL TEMPLATE AND SCORING SHEET**

<b>SUMMARY INFORMATION</b>		
<b>Project Unique Reference Number:</b>		
<b>Project Officer:</b>		
<b>Progress:</b>	Started	Date:
	Awaiting further info	Date:
	Completed	Date:
<b>Project name:</b>		
<b>Name of business if different:</b>		
<b>Nature of business:</b>		
<b>Start-up / Existing:</b>		
<b>No of new jobs created:</b>		
<b>Location:</b>		
<b>Post code:</b>		
<b>Amount of grant applied for:</b>		
<b>Final score (as percentage):</b>		
<b>Recommendation:</b>		

**Notes for Project Officers**

This template is designed to assist and document the appraisal.

The criteria for approval are set out in the Investment Appraisal Manual.

This form should be completed by the appraiser using information from the whole application, supporting documents, a visit, and any follow-up or due-diligence information obtained from the applicant or other sources.

For example, the size of the investment should be tested against the investment cost breakdown; and long-term jobs growth should be tested against overall growth plans, which should be tested against the credibility of projected sales based on a marketing plan.

All applications must reach a basic level of viability in terms of sustainability, growth and jobs created. However the level of scrutiny and the scoring should be in relation to the size of the grant requested.

As an illustration, a weaker business plan by a new sole trader creating a single new job can have a lighter touch appraisal, as it is lower risk; while an existing business projecting 20 jobs will need a higher level of scrutiny of a comprehensive business/growth plan.

All questions should be scored out of 5. As follows:

Score	Criteria	Conclusion
0	Does not meet threshold level, or is ineligible for funding	Consider rejection on these grounds alone
1	Does not meet threshold level	Very unsound basis for approval
2	Meets threshold level but inadequate information provided or high risk of underperformance	Unsound basis for approval
3	Medium risk of under-performance, meets benchmark standards*	Just enough credibility for approval
4	Low risk of underperformance	Sound basis for approval
5	Negligible risk of underperformance in this area	Excellent basis for approval

**\* Benchmark Standards are as follows:**

£7,000 - £7,500 per new or safeguarded job

50 - 50 Grant : Private Funding for Start-ups

25 - 75 Grant : Private Funding for Existing

<b>PART 1a: CONTACT DETAILS</b>	
Organisations name:	
Name of project if different:	
<b>Contact name</b>	
<b>Contact position</b>	
Lead contact person (if different from above)	
Contact Address:	
Postcode	
Registered business address (if different from above)	
Registered business postcode (if different from above)	
Telephone number:	
Email address:	
Website	

**PART 1b: BUSINESS INFORMATION**

Summary of business activities	
Business sector (by Company)	
Business sector (by Companies House)	
Start Up or Existing?	
<b>Check:</b> Did trading start within last twelve months, or not yet started?	
What date did they start trading?	
Bank account:	Yes / No. If No, when will one be set up:
Bank and Branch details	
Legal status: Registered company	Yes / No
Company/charity number	Checked?
Date of Incorporation	
Not-for-profit / charity?	Checked?

Are your tax payments up to date?	
Is the business part of a larger group, or does it have multiple sites?	
If so, what is the groups size and details	
Numbers employed FTE:	
Freelancers employed FTE:	
Turnover, profit, balance sheet	
Are business accounts uploaded?	Check with companies house if necessary Yes / No / Not applicable
Verification / follow-up questions to applicant? (date and answer)	
<b>Comment</b>	
Are there any grounds for concern regarding business status?	
<b>Score out of 5:</b>	

<b>PART 2a: PROJECT DESCRIPTION - INVESTMENT and JOBS</b>	
Type of business	
Summarise growth activity	
Is the investment location within the Tendring Assisted Area?	Yes / No
Summarise short-term growth plans and turnover (1 year)	
Summarise medium-term growth plans and turnover (yrs 2-3)	
Total cost of investment (including spend from June 2015 and any variation from EOI)	
Summarise number and type of jobs created / safeguarded in year 1	
Summarise number and type of jobs created / safeguarded in years 2-3	
Does the investment have credible potential to achieve the <i>forecast growth and jobs</i> , in the short term?	
<b>Score out of 5:</b>	
Does the investment have credible potential to achieve the <i>forecast growth and jobs</i> in the medium term?	
<b>Score out of 5:</b>	
Is the <i>balance</i> of full-time, part-time	

and / or freelance jobs acceptable	
<b>Score out of 5:</b>	
Is there <i>value for money</i> in terms of Grant : Jobs ratio? Could value for money be achieved with a reduced grant? Is there displacement (ie jobs merely moving location)?	
<b>Score out of 5:</b> Grant/FTE Job: Under £7k score 5 £7k-£8k score 4 £8k-£10k score 3 £10k-12k score 2 £12k+ score 1	
Does the proposal bring <i>other potential benefits</i> to the area?	
<b>Score out of 5:</b>	

<b>PART 2b: ELIGIBILITY OF THE SECTOR</b>		
Is the Industry/sector they are in eligible for help under the Scheme?	Yes /No	
Business operation is eligible due to being considered in the following sector		
<b>Industry</b>	<b>SIC Sector Code/s</b>	<b>Checked</b>
Manufacture of goods	11-32	<input type="checkbox"/>
Repair and installation of machinery and equipment	33	<input type="checkbox"/>
Electricity, gas, steam and air conditioning supply	35	<input type="checkbox"/>
Construction (Civil and Specialised activities)	42-43	<input type="checkbox"/>
Water transport	50	<input type="checkbox"/>
Architectural and engineering activities	71	<input type="checkbox"/>
Scientific research and development	72	<input type="checkbox"/>
Other professional, scientific and technical activities	74	<input type="checkbox"/>
Other (please describe):		<input type="checkbox"/>
<b>Pass / Fail and Comment:</b>		

Note: Companies House is here: <http://wck2.companieshouse.gov.uk/wcframe?name=accessCompanyInfo>

<b>PART 3: ADDITIONALITY and SENSITIVITY</b>	
How essential is an SME Grant?	
<b>Score out of 5:</b>	
What would be the impact of offering a reduced grant?	
	<b>Not scored</b>
Have viable alternative sources of finance been sought?	
<b>Score out of 5:</b>	
Does matching private finance present good value (above minimum 50/50% leverage)?	
<b>Score 3 for min (25/50%) leverage, 4</b>	

<b>or 5</b> for significant extra:	
Is this funding in place?	
<b>Score 3</b> if in place, <b>0</b> if not:	
Is the breakdown of investment costs reasonable, sufficient, timely, and in line with the grant applied for?	
<b>Score out of 5:</b>	
Are there risks around premises e.g. tenure, cost?	
<b>Score out of 5:</b>	
Follow-up questions to applicant? (date and answer):	
Comment:	

<b>PART 4: BUSINESS PLANNING (TAKEN FROM APPLICATION FORM AND BUSINESS PLAN)</b>	
Is there credible potential demand for the service or product offered?	
<b>Score out of 5:</b>	
Does the applicant have adequate management capability (in place or available)?	
<b>Score out of 5:</b>	
Are the proposed timescales credible?	
<b>Score out of 5:</b>	
Are risks adequately assessed and mitigated?	
<b>Score out of 5:</b>	
Follow-up questions to applicant? (date and answer):	
Comment:	

<b>PART 5: OTHER</b>	
State Aid – would a Grant award result in exceeding de minimis State Aid?	
<b>Score 3</b> if compliant, <b>0</b> if not:	
Have supporting documents been provided?	
	<b>Not scored</b>
Credit check – if recommendation is to approve the grant, has a credit check raised any concerns?	
<b>Score 3</b> if acceptable, <b>0-1</b> if not:	

<b>PART 6: DUE DILLIGENCE</b>
-------------------------------



<b>Further due diligence items:</b>	If applicable
Ownership	
Equity / debt	
Incorporation	
Business accounts	
Bank statement history	
Forecast vs actual performance	
CV's, previous Directorships	
County Court cases	
Bankruptcies	
Market research / customer base	
Publicity	
Distribution	
Cost assumptions	
Suppliers	
Sensitivity analysis	
Risk management	
Regulatory	
Premises	
Health & Safety	
Staff issues	
Other	
Are there any issues arising from due diligence that are cause for concern?	
	<b>Not scored</b>

<b>PART 7: RECOMMENDATION</b>			
<b>Percentage Score (from scoring template)</b>	<b>Score</b>	0-45%	very weak - reject
		45%-65%	weak but may be considered
		65%-75%	acceptable but note risks
		75%+	approve
<b>Project Officer's summary/conclusion:</b>			
<b>Suggested conditions and/or milestones:</b>			
		Name	Date
<b>Project Officer:</b>			

<b>Regeneration Manager Recommendation:</b>	Approve / Reject / Needs further work	
<b>Proposed conditions:</b>		
<b>Comment / reason for rejection:</b>		
<b>Regeneration Manager:</b>	Name	Date

**ANNEX H  
PROGRAMME TEAM AND GRANTS PANEL**

PROGRAMME TEAM

June Clare	- Corporate Director (Public Experience)	- Scheme Director (Chair)
Tom Gardiner	- Regeneration Manager	- Scheme Manager
Gill Burden	- Skills & Community Projects Officer	- Project Officer
Adam Rose	- Funding Officer	- Project Officer
Michelle Gordon	- Enterprise & Innovation Officer	- Technical Support
TBC	- Business Advisor	- Technical Support
TBC	- Economic Development Officer	- Technical Support

GRANTS PANEL

Councillor	- Portfolio Holder for Regeneration	- Chair
June Clare	- Corporate Director (Public Experience)	- Vice Chair
Richard Barrett	- Finance and Procurement Manager	- Member
Steve Clarke	- Executive Director Haven Gateway Partnership	- Member
TBC	- SME Representative (TBC)	- Member
Tom Gardiner	- Regeneration Manager	- Non-Voting

**ANNEX I**  
**BENEFICIARY OFFER LETTER TEMPLATE**

THIS AGREEMENT is made on the \_\_\_\_\_ day of \_\_\_\_\_ 2015

**BETWEEN:**

**Tendring District Council** of Town Hall, Station Road, Clacton-on-Sea, CO15 1SE ('the Council') (1), in its role as the Funding Authority for the Tendring SME Growth Scheme;

AND

**Name of Business ("the Beneficiary"):** .....

Insert address and registered company number (if applicable) .....

.....

**The Parties hereby agree as follows:**

**1.0 Definitions and interpretation**

1.1 In this Agreement the following definitions and interpretations apply:

**"Capital Asset"** means any property additions and/or improvement works, item of equipment or other moveable asset which on the date of its purchase by the Beneficiary has useful life of more than one year and is purchased wholly or partly out of the grant.

**"Project Application"** means the project application produced by the Beneficiary (whether alone or in partnership with other persons) setting out the outcomes, outputs, and finance requirements, performance delivery arrangements relating to its business expansion.

**"Project"** means the activity described in the Project Application.

**"Grant"** means a grant payment consisting of up to £.....

**"Eligible Area"** means the designated Assisted Area within the Tendring District.

**"Beneficiary"** means the business or individual receiving grant support.

**"Scheme"** means Tendring SME Growth Scheme.

1.2 Obligations to be performed or observed by a party under this Agreement are joint and several.

**2.0 The Project**

2.1 The Beneficiary shall promptly and efficiently carry out the Project in accordance with the provisions set out in this Agreement and shall deliver the outcomes and outputs set out in

**Appendix 1** (Outcomes and Outputs). The Beneficiary agrees that the Outcomes and Outputs have only been delivered when delivery of the same can be demonstrated to the Council's satisfaction.

2.2 The Grant MUST be used specifically for the purpose outlined in **Appendix 1**, subject to any other conditions set out in this Agreement.

### **3.0 Payment**

3.1 The Grant will be released according to the agreed schedule of payment detailed in **Appendix 1** to this Grant Offer Letter and following authorisation by the Council's Corporate Director, Public Experience or Regeneration Manager being in receipt of a claim and monitoring form submitted by the Beneficiary, and no later than **31<sup>st</sup> May 2016**.

3.2 The Grant will be paid by BACS to the Beneficiary's account.

3.4 Grant will only be released:

- (i) following eligible expenditure by the Beneficiary of an equal amount from the Beneficiary's own funds. Recoverable VAT cannot be included as eligible expenditure; and
- (ii) following commencement of at least one new job to be created through the Project or confirmation of continuation of safeguarded jobs. Evidence of the start of a new job or jobs must be submitted to the Council with the claim for payment.

unless otherwise agreed by the Council and specified in the schedule of payment detailed in **Appendix 1**.

### **4.0 Reporting and Monitoring**

4.1 The Beneficiary will be required to demonstrate, with supporting evidence, that the milestones and outcomes as specified in **Appendix 1** have been achieved.

4.2 A written statement will be required by the Council's Regeneration Manager from the Beneficiary at the end of the project or by **31<sup>st</sup> May 2016** whichever is the earlier showing details of how the Grant and the Beneficiary's match-funding was spent, jobs created or safeguarded, growth in turnover and jobs and turnover forecasts for the next twelve months.

4.3 The success of the Project in relation to its objectives will be subject to assessment up to the **1<sup>st</sup> June 2019** and as part of this evaluation exercise you will be required to produce progress reports when requested or provide such information as required to do so by the Council.

### **5.0 Inspection of Records**

5.1 The Beneficiary must make available for inspection, records of all income and expenditure including invoices, receipts, bank statements and evidence of lodgements during the life of the Project. Records relating to the Project must be retained for a period of three years following completion of the Project.

5.2 Annual audited accounts, if applicable, should also be made available for scrutiny and be retained for three years after completion.

### **6.0 Publicity**

- 6.1 The support of the Scheme must be acknowledged in all publicity material. Copies of the Council's logo and guidance for its use will be provided by the Council.
- 6.2 By signing this Agreement the Beneficiary agrees to being promoted by the scheme; publicising the awarding of the Grant and the outputs and outcomes achieved through press releases, website, printed publicity or other means.

## **7.0 Equalities**

- 7.1 The Beneficiary must at all times carry out the Project in conformity with the provisions of:
- (i) the Equality Act 2010, and to take all reasonable steps to secure that all your servants, employees, or agents do not unlawfully discriminate against any person in decisions to recruit, train, promote, discipline, or dismiss in the provision of the project (whether in relation to age, disability, gender reassignment, pregnancy and maternity, marriage or civil partnership, race, religion or belief, sex, and sexual orientation, or otherwise); and
  - (ii) the Human Rights Act 1998; and
  - (iii) any amendment or re-enactment thereof or of either of them and any regulations or code of practice made there-under or under either of them and
  - (iv) all other applicable Acts of Parliament and all orders, regulations and bye-laws made with statutory authority by Government Departments or by local or other authorities that shall be applicable to this agreement.
- 7.2 The Beneficiary shall indemnify the Council in respect of all actions, claims, liabilities, demands, expenses and costs arising out of any breach by you of this agreement.

## **8.0 Purchase of equipment and works**

Unless agreed in advance with the Council three quotes for equipment or works of a value of £1,000 and above are to be obtained.

## **9.0 Liability**

- 9.1 The Beneficiary shall indemnify the Council against any expense, liability, loss, claim or proceedings in respect of personal injury to or death of any person given or made by any court of competent jurisdiction or mutually agreed as part of any settlement arising out of or in the course of or caused by the negligent act or omission or wilful default of Grantee, or its agents, sub-contractors, suppliers or employees in the delivery of the Project, except to the extent (if any) that it was also caused or contributed to by the negligent act or omission or wilful default of the Council or its servants or agents.
- 9.2 Nothing in this Agreement shall render the Council liable to indemnify the Beneficiary in respect of any liability of any kind incurred by the Beneficiary to any other person (including any client or end user of the Project if any) but this shall not be taken to exclude or limit any liability of the Council to the Beneficiary that may arise by virtue of breach of either any term of this Agreement or any negligence on the part of the Council, its staff or agents.

## **10.0 Warranty**

The Beneficiary warrants that all of the information contained in its Project Application, and all supporting information, and representations made orally or in writing is true and accurate at the

time provided, and at the date of this Agreement, and that all anticipated Outcomes and Outputs are achievable to the best knowledge of the Beneficiary.

## **11.0 Breach and recovery of Grant**

11.1 The Council may reduce, suspend or withhold the Grant, require all or part of the Grant to be repaid, or require Capital Assets to be transferred to the Council (where the purchase of such Capital Assets was wholly funded by the Council) if:

- (i) The Beneficiary fails in the Council's reasonable opinion to comply with the terms and conditions set out in this Agreement;
- (ii) This Agreement is terminated in accordance with Clauses 12.0, 13.1 or 13.2;
- (iii) Any of the circumstances listed at Clause 13.2 (Termination) are true in respect of the Beneficiary or if the Beneficiary company is dissolved;
- (iv) The Beneficiary is struck from the register at Companies House;
- (v) There is a change to the nature, scale, costs, ownership or timing of the Project which the Council has not approved in advance, or any attempt is made to transfer or assign any rights, interests or obligations created under this Agreement or substitute any person in respect of any such rights, interests or obligations, without the written agreement in advance of the Council;
- (vi) The Beneficiary is found to be in breach of State Aid regulations;
- (vii) Any information provided in the application for Grant or in a claim for payment or in subsequent or supporting correspondence is found to be incorrect or incomplete to an extent which the Council considers in its absolute discretion to be material;
- (viii) There is a failure to keep and maintain the records as required under this Agreement;
- (ix) The Grant, in whole or in part, is used for purposes other than the Project;
- (x) Any or all of the Capital Assets acquired, reclaimed, built, refurbished or improved as part of the Project wholly or partly using Grant are disposed of by the Beneficiary without the prior written approval of the Council;
- (xi) Any or all of the Capital Assets acquired, reclaimed, built, refurbished or improved as part of the Project wholly or partly using Grant are, without the prior written approval of the Council, used for a purpose which is different to the purpose for which the Grant was originally granted;
- (xii) Insufficient measures are taken by the Beneficiary to investigate and resolve any reported irregularity; or

11.2 In the event that the Council requires all or part of the Grant to be repaid in accordance with Clause 11.1 (Breach and Recovery of Grant), the Beneficiary undertakes to pay such amount to the Council immediately on demand with interest from the date of payment at a rate commensurate with the prevailing Bank of England rate (or as shall be determined as appropriate in the Council's absolute discretion, within 3 months of making a written request for payment, if such request permits the Beneficiary a 3 months repayment period), without deduction, set off or counterclaim unless the

Beneficiary has a valid court order requiring an amount equal to such deduction to be paid by the Council to the Grantee.

## **12.0 Breach**

Without prejudice to Clauses 13.1, and 13.2 (Termination), in the event of any breach of this Agreement by either Party, the other Party may serve a notice on the Party in breach requiring the breach to be remedied within a period specified in the notice which shall be reasonable in all the circumstances. If the breach has not been remedied by the expiry of the specified period, and the breach is material, the Party not in breach may terminate this Agreement with immediate effect by notice in writing.

## **13.0 Termination**

13.1 The Council may terminate this Agreement with immediate effect in the event that in the reasonable opinion of the Council, the conduct of the Beneficiary in performing its obligations under this Agreement amounts to fraud, dishonesty, will-full concealment, gross misconduct or incompetence.

13.2 This Agreement may be terminated by the Council with immediate effect by notice in writing if at any time:-

- (i) the Beneficiary passes a resolution that it be wound-up or that an application be made for an administration order or the Beneficiary applies to enter into a voluntary arrangement with its creditors; or
- (ii) a receiver, liquidator, administrator, supervisor or administrative receiver be appointed in respect of the Beneficiary's property, assets or any part thereof; or
- (iii) the court orders that the Beneficiary be wound-up or a receiver of all or any part of the Beneficiary's assets be appointed; or
- (iv) the Beneficiary is unable to pay its debts in accordance with Section 123 of the Insolvency Act 1986; or
- (v) any employee or representative of the Beneficiary involved in delivering the project is convicted of a criminal offence related to the Beneficiary's business or professional conduct; or
- (vi) any employee or representative of the Beneficiary involved in delivering the project commits an act of grave misconduct in the course of the Beneficiary's business; or
- (vii) the Beneficiary fails to disclose any material misrepresentation on becoming aware of the same in supplying information required by the Council in or pursuant to this Agreement;
- (viii) the Beneficiary ceases or threatens to cease carrying on business; or
- (ix) the Beneficiary is found to be in breach of State Aid regulations.

## **14.0 Effect of Expiry or Termination and Transfer of Responsibility**

14.1 The Council may by notice in writing require the Beneficiary to sell at open market value all equipment purchased by the Beneficiary using the Grant provided by the Council. The proceeds of sale in respect of such equipment, after deduction of any expenses reasonably incurred by the

Beneficiary directly in connection with such sale, shall be paid by the Beneficiary to the Council and until the completion of such sale all rights, title and interest in such equipment shall vest in the Council solely and the Beneficiary shall do any acts and execute any documents or instruments necessary to give effect to this Clause 14.1 (Effect of Expiry or Termination and Transfer of Responsibility).

- 14.2 Termination does not affect a Party's accrued rights and obligations at the date of termination or expiry.
- 14.3 Notwithstanding the termination or expiry of this Agreement, Clauses 4.1 to 4.3 (Reporting and Monitoring), 5.1 and 5.2 (Inspection of Records), 9.1 and 9.2 (Liability), 11.1 and 11.2 (Breach and Recovery of Grant), 14.1 (Effect of Expiry or Termination and Transfer of Responsibility), 15.0 (Recovery of Sums Due), 16.1 (Project Specific Conditions) of this Agreement (together with any provisions necessary for their interpretation or enforcement) shall remain in full force and effect.
- 14.4 Where there is a residue of Grant after expenditure on the Project, this surplus must be returned to the Council within three months of completion of the Project where relevant.

#### **15.0 Recovery of Sums Due**

Wherever any sum of money shall be recoverable from or payable by the Beneficiary to the Council, the Council may deduct the same from any sum then due to the Beneficiary or which at any time thereafter may become due to the Beneficiary under this Agreement or under any other agreement with the Council.

#### **16.0 Project Specific Conditions**

16.1 The project specific conditions are,

- (i) The total Grant of **£XXXX** cannot be increased for whatever reason. This constitutes a maximum of 50% of the project costs
- (ii) All major building works to be sent out to tender with a minimum of three quotes obtained. The rationale for the acceptance of the successful tender to be supplied to the Council and all records must be kept on file and made available for inspection by the Council for a period of three years after completion.
- (iii) Any necessary planning permissions building regulation approvals and licenses must be obtained.
- (iv) 75% of the Grant can be reclaimed by the Council if the Beneficiary business moves out of the Eligible Area (Tendring's designated Assisted Area) within 3 years of receiving the Grant.

#### **17.0 Rights of Third Party**

This Agreement gives no rights under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights, which are available apart from that Act.

#### **18.0 State Aid**

18.1 The Beneficiary acknowledges that the Grant comes from public funds and it will not use the Grant in a way that constitutes un-approvable State Aid. In the event that it is deemed un-approvable State Aid then the Beneficiary shall repay the entire Grant immediately with interest from the date of payment at prevailing Bank of England rate.



18.2 As the value of the Grant in euros is €XXXX, under EC regulation 1998/2006 (de minimis aid regulation), this is a de minimis aid. There is a ceiling of €200,000 for all de minimis aid provided to any one firm over a 36-month period. Any de minimis aid awarded to you under this offer letter will be relevant if you wish to apply, or have applied, for any other de minimis aid. For the purposes of the de minimis regulation, you must retain this letter for 3 years from the date on this letter and produce it on any request by the UK public authorities or the European Commission (you may need to keep this letter for longer than three years for other purposes).

**19.0 Signed on Behalf of the Beneficiary**

Authorised Signature: .....

Name in Block Capitals: .....

Position/Capacity of Signatory: .....

Name of Business: .....

**Signed on Behalf of the Council:**

Authorised Signature: .....

Name in Block Capitals: .....

Title: .....



# Information & Guidance

- 1 **What is the Tendring SME Growth Fund?**
- 2 **Who can apply?**
- 3 **What kind of investment will be eligible for a grant and what counts as a permanent job?**
- 4 **How to apply – the process**
- 5 **Where to get support and how to increase your chances of success**
- 6 **Requirements and evidence of match funding**
- 7 **State Aid**
- 8 **Examples of State Aid**
- 9 **Contact**



## TENDRING DISTRICT COUNCIL SME GROWTH FUND

### WHAT IS THE TENDRING SME GROWTH FUND?

Tendring District Council's SME Growth Fund provides grants for new and existing businesses located/locating within the Tendring Assisted Area and working in the following sectors:

- Manufacturing
- Engineering (Mechanical/Electrical)
- Energy
- Low Carbon
- Maritime, and
- Research and Development activities that support these key sectors.

An interactive map showing those parts of the District included in the Tendring Assisted Area can be accessed via the following link: [www.ukassistedareamap.com/ieindex.html](http://www.ukassistedareamap.com/ieindex.html) at this site there is a drop down menu on the right hand side called 'place / postcode'. You can use this facility to see if your business is located within the Tendring Assisted Area.

### WHAT ARE THE GRANTS FOR?

The Council want businesses in the qualifying sectors to grow and to flourish and to create more jobs in the District. The grants are intended to contribute to the costs of starting up or growing your business, thereby creating new permanent part time or full time jobs or safeguarding existing jobs.

The grant can be used for "revenue costs" such as salaries or for "capital costs" such as plant, machinery or other equipment and/or for the acquisition and refurbishment of premises (see below for further information on eligible investment).

### HOW MUCH ARE THE GRANTS WORTH?

You can apply for between £3,000 and £150,000. However you must also invest your own funds – 75% if you are an existing business and 50% if you are a start-up business.

So an existing business investing £40,000 in growth could apply for an SME Growth Fund grant of £10,000, matched by £30,000 from private sources. A start-up business investing £40,000 could apply for an SME Growth Fund grant of £20,000.

See below for further information on what counts as private/matched funding and how you can show that you have this resource available.

## WHO CAN APPLY?

To be eligible you must be planning to start-up or expand your business, thereby creating or safeguarding permanent part-time or full-time jobs, and you must be in a position to invest the required level of private/matched funds.

In addition you will need to fulfil the following criteria:

### LOCATION

You must be planning to start-up or to expand your business within the Tendring Assisted Area. You can check your eligibility by using the postcode search referenced above. If your address is shown in grey on the map then your business is located within the Assisted Area.

For information the following electoral wards fall within the eligible area:

- Brightlingsea Ward
- Burrsville Ward
- Great and Little Oakley Ward
- Harwich East Ward
- Harwich East Central Ward
- Harwich West Ward
- Harwich West Central Ward
- Little Clacton and Weeley Ward
- Manningtree, Mistley, Little Bentley and Tendring Ward
- Pier Ward
- Ramsey and Parkeston Ward
- St Johns Ward
- St Marys Ward
- St Osyth and Point Clear Ward

If you are not currently based within the Tendring Assisted Area but intend to relocate there, you will need to demonstrate that you are not simply moving from one part of the District to another in order to access the Council's SME Growth Fund – to access grant funding you must be creating additional new jobs.

### LEGAL STATUS

To qualify for grant funding you/your business could be a sole trader (self-employed), partnership, limited company, community interest company, company limited by guarantee, or an industrial and provident society. Not for profit businesses, co-operatives, social enterprises and charities are welcome to apply, provided these entities have a trading arm that fits within one of these legal definitions.

If you are a start-up business, you will have to state what legal status you intend to adopt and this will have to be in place before any grant payment can be made. Your business must also have a business bank account.

### BUSINESS SIZE

Your business must employ less than 250 people. If you are a section or a subsidiary of a larger business, the whole business must employ less than 250 people. The turnover of the whole business must be less than €50m a year, and have assets less than €43m.

### QUALIFYING SECTORS

To qualify for grant funding your project/investment must be directed to growing the level of business activity and employment in the following sectors:

- Manufacturing

- Engineering (Mechanical/Electrical)
- Energy
- Low Carbon
- Maritime, or
- Research and Development activities related to the sectors above.

Applications from businesses that contribute to the supply chain serving these sectors are also eligible to apply for SME Growth Fund grant.

### **ADDITIONALITY AND JOBS**

The SME Growth Fund aims to maximise the number of jobs created or safeguarded. Therefore the more new jobs created in relation to the amount of grant applied for the more likely it is your application will be successful.

As a rough guide, the Council's SME Growth Fund aims to achieve at least one permanent full-time equivalent job per £7,000 of grant awarded. However the size of investment and number of jobs created must be evidenced by your business plan.

Additionality also means that a grant will not be awarded to help investments that would go ahead anyway. You will need to demonstrate that your investment will not be viable without grant support – i.e. that the SME Growth Fund grant will make a real and genuine difference.

### **STATE AID**

Your business may not receive more in grant than the published EU State Aid limits allow. See Page 7 for more information on State Aid.

### **WHAT KIND OF INVESTMENT WILL BE ELIGIBLE FOR A GRANT?**

Investment costs relating to starting or growing a business will be considered under the scheme. These might include, but are not limited to, the following:

- Employment costs (comprising gross wage and statutory social security contributions), freelance costs, professional fees, e.g. accountancy and legal fees
- Acquiring, fitting out, or refurbishing premises for the use of the business
- Launch, marketing, and publicity costs for a new business or product
- Vehicles, only if essential to the operation of the business – e.g. a delivery van or forklift truck
- Plant and machinery which enable the business to function
- Items such as computers, recording equipment, video, and other tools which enable the business to function. Purchase and/or lease/hire costs may also be considered
- Materials and components as necessary to support the product or investment
- Intangible assets such as patent rights, and licenses

### **WHAT COUNTS AS A PERMANENT JOB?**

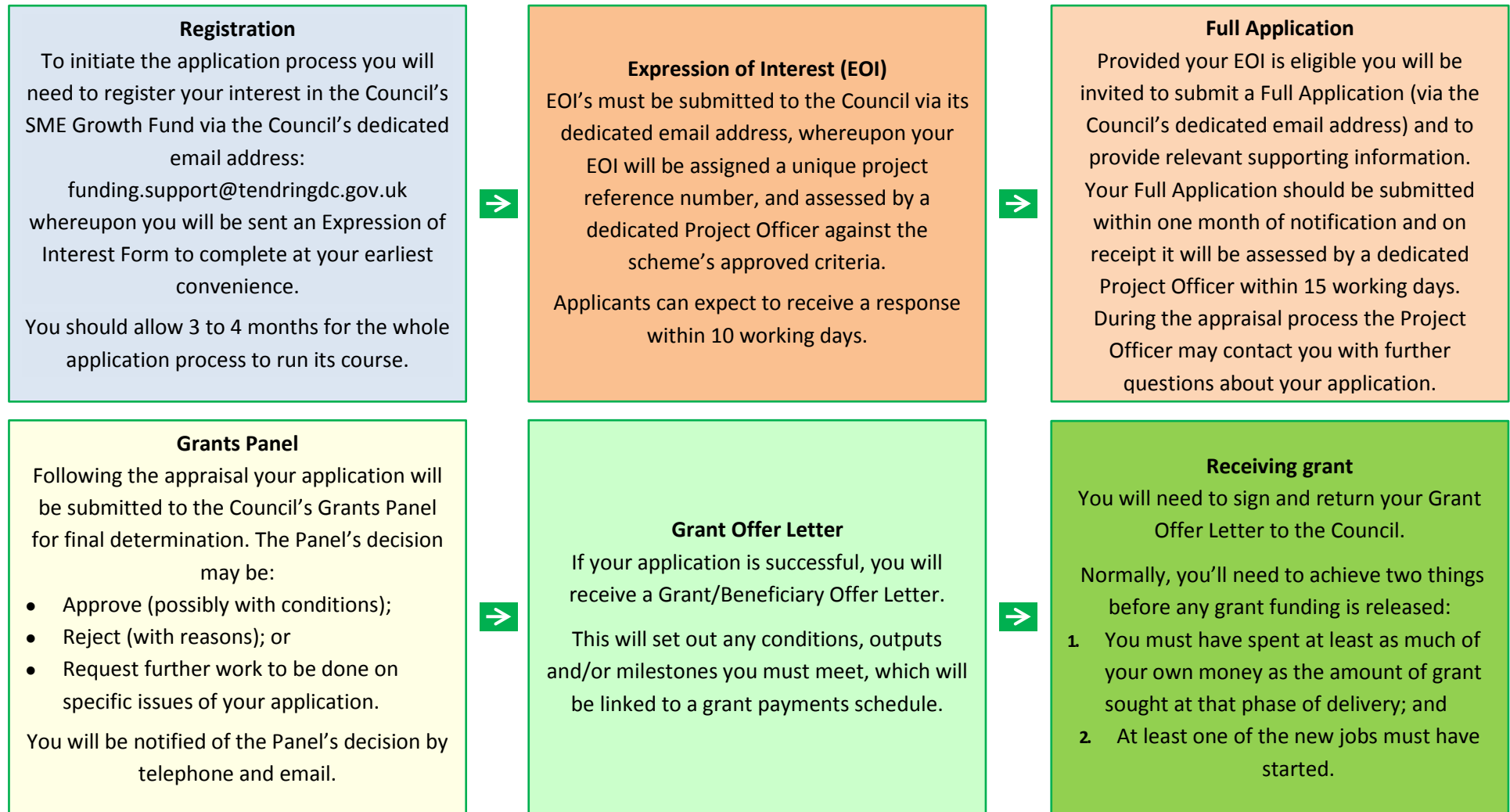
A job is defined as permanent if the contract is for at least 12 months and for at least 15 hours/week. A full-time post must be 30+ hours/week; and a part-time post 15-29 hours/week.

Employment of freelancers can be considered, with full-time equivalency on the same basis as part-time work. In this case you must state the business case for this form of employment over conventional direct employment, and say why this is a sustainable arrangement. Jobs must be contracted directly to the applicant. Jobs achieved by tenants or sub-contractors are ineligible. However tenants and sub-contractors may apply in their own right if eligible to do so, and packaged

applications from two or more businesses may also be considered.

## HOW TO APPLY – THE PROCESS

The Council recommend that you view the Expression of Interest Form and Full Application Form on the Council's website. This will help you understand the level of information you will need to provide in order to complete your application.



Should your application be unsuccessful, the scheme has no appeals process. However, you will be able to resubmit a revised EOI and Full Application, tailoring your submissions in response to any feedback provided.

## WHERE TO GET HELP AND SUPPORT

Business Advice is available from:

The Business is Great site: <http://www.greatbusiness.gov.uk> is the Government's main Business support page; and the Business Growth Hub for Essex: <http://bestgrowthhub.org.uk> or phone: 01702 215022

Business start-up support is also available from:

NWES: <http://www.nwes.org.uk> which helps business in East Anglia, including Essex and

COLBEA: <http://www.colbea.co.uk> which offers business advice to businesses in the Tendring area.

## INCREASING YOUR CHANCES

Aside from the questions of eligibility, the application process is designed to test whether you have a viable and sustainable business proposition, which will benefit the local economy and expand employment within the Tendring's Assisted Area.

You will need to demonstrate that you have:

- A good business plan
- The skills to put your plan into operation; and
- The private sector funding to invest, which together with the grant, will enable delivery.

These contributing factors will be assessed as part of the Council's appraisal of your Expression of Interest and Full Application.

The level of information required by the Council will be proportionate to the amount of grant being sought.

## BUSINESS PLAN

Your business plan should set out your plans and how you are going to realise them. As part of your business planning you will need to:

- Carry out market research to identify a market for your goods/services, identify your competitors and price your goods/services competitively
- Produce a marketing plan
- Identify capital requirements and assess options (e.g. for premises and equipment)
- For new businesses, determine the legal status and structure and assess tax implications
- For existing businesses, assess your current structure in light of your plans for growth
- Assess the skills needed to manage, run and grow your business and decide where to find those skills (e.g. from existing staff or board members, from buying in professional services, by creating new jobs)
- For prospective new jobs, decide on full-time, part-time or freelance, assess the skills required, salary levels and recruitment methodology
- Work out the full costs of employment and the costs and timetable for recruitment
- Consider the training and development requirements of your current and planned workforce
- Produce a budget and future cash flow, which is compatible with your projections on cost and sales as well as demonstrating how the business will become

- viable and sustainable and how the grant will contribute
- Check on permissions required (e.g. planning, building control)
- Work out a timetable for your investment including key milestones, purchases and job starts
- Carry out a risk analysis, identifying risks, seriousness, likelihood and mitigating action
- Carry out a sensitivity analysis to assess the financial impact of (for example) higher costs or lower sales, and to show the break-even point.
- Any impact from tax allowances that may be available to businesses in an Assisted Area.

## PRIVATE SECTOR FUNDING

The grant will only make a contribution to your investment requirements. You will have to find three times as much investment from the private sector if you are an established business or an equal amount to the grant if you are a start-up business. This can take the form of loans or share equity, and you must show it is available to be spent at the time you apply to the Council for grant.

You will also need to demonstrate that you have pursued all other reasonable ways of financing your contribution to the delivery of the project. This includes approaching commercial banks for loans.

## REQUIREMENTS AND EVIDENCE FOR MATCH FUNDING

Types of match funding	Required to go with full application	Required before funding can be released
<b>Bank loan</b>	Copy of Heads of terms or a conditional offer letter provided by the Bank. <b>N.B.</b> this should confirm offer of funds to your Company (£ value), and be provided on Bank letterhead paperwork or similar.	Copy of Bank Loan contract document duly signed / in force, confirming funds (£ value) have been provided to your Company. <b>N.B.</b> if the loan contract is not new then a copy of current business bank account statement showing that the loan provided remains available to the Company (i.e. not already exhausted).
<b>Company own funds</b>	Copy of current bank statement of Company confirming availability of funds.	Refreshed copy of current business bank account statement showing that the funds (£ value) remain available to the Company (i.e. not already exhausted).
<b>Overdraft facility</b>	Copy of letter from Bank confirming overdraft facility available to Company.	Copy of letter from Bank confirming overdraft facility available / together with copy of current business bank account statement, showing that the overdraft remains available to the Company (i.e. not already exhausted).
<b>Own funds including owner's, partner's, director's, member's loan</b>	Copy of a current bank statement showing where monies are held confirming availability of funds.	Copy of current business bank account statement showing that the funds have been provided /transferred to the Company / are available (i.e. not already exhausted).
<b>Pension funds from Company</b>	Letter of commitment from Trustees' of pension fund.	Trustee resolution confirming funding (£ value) available to the Company.
<b>Private investor/ New share capital/ New equity investors</b>	Copy of Heads of terms or conditional offer letter provided by the investor. <b>N.B.</b> this should confirm offer of funds to your	Copy of a current business bank account statement showing that the funding is available (i.e. not already exhausted).



	Company (£ value), and be provided on the investors letterhead paperwork or similar	
<b>Shareholder contributions</b>	Heads of Terms	Shareholder agreement duly signed / in force confirming funds (£ value) have been provided to your Company, or Company bank statement showing credit values into the accounts identifying the shareholder contribution. <b>N.B.</b> if the shareholder agreement is not new, then a copy of a current business bank account statement must be provided identifying the shareholder contribution and showing that these funds remain available to the Company.
<b>Investment in kind</b>	Only in exceptional circumstances will investment in kind (e.g. equipment) be accepted as match funding. In this case an evidence of value will be required.	In the case of purchased items: Invoice from supplier, plus bank statement showing item of expenditure and cost or other auditable document (e.g. receipt on headed notepaper) of equal probative value, plus visual evidence of item at business location.  In the case of wages or fees: contract (or contract of employment plus wage slips), and bank statement showing item of expenditure or drawings. For buildings, evidence of level of commercial rent (e.g. in letter from commercial property agent and of any rent currently being paid).
<b>Eligible expenditure</b>	Only in exceptional circumstances will expenditure incurred before approval of a grant be accepted as match funding.	

**Other types of match funding can only be used with the express approval of the Scheme's Management Team.**

## STATE AID

In order to ensure that the European free market works effectively and that businesses don't get unfair advantage, the EU regulates the funding businesses can receive from the public sector, known as State Aid.

The Tendring SME Growth Fund scheme will mainly operate under de minimis rules for State Aid. This means that SMEs can receive no more than €200,000 (about £160,000) in state funding in any 36 month period. Your application will need to list what State Aid support you have received over the past 36 months. If you are a subsidiary of a larger company or group, you will need to include any support received by the whole business. You should consult with your own legal and accountancy advisors before ruling out any State Aid implications.

If you think there is any chance that an SME Growth Fund grant would take you over the £160,000 limit, or if your proposal includes activities that may not automatically fall within the de minimis rule, you must consult with the Council's Regeneration Manager. You may still be able to apply under other EU regulations. The Council will not accept any legal responsibility for any decisions that you take in this regard.

The following bullets will help you determine what support counts as State Aid:

- Is aid granted by the State or through State resources?  
State resources includes public funds from the EU, and central, regional or local government, or other public or private bodies designated or controlled by the State, such as the Arts Council and National Lottery. It includes indirect benefits such as tax exemptions that affect the public budget. Normal purchases by a State body at market value (including commissions, supplies and services) are not State Aid.
- Does aid favour certain undertakings or the production of certain goods?  
An undertaking is an entity engaged in economic activity for which there is a market in comparable goods or services. It can include voluntary and non-profit-making public or private bodies such as charities or universities when they engage in activities which have commercial competitors. It includes self-employed/sole traders, but generally not employees as long as the aid does not benefit the employers, private individuals or households.  
A benefit available to all businesses is not State Aid, it is a general measure. To count as State Aid, the aid must be only available to certain undertakings but not others in (for example to individual businesses, sectors, areas, sizes of business, or production of certain goods). State Aid favours businesses by conferring a direct or indirect advantage on them.
- Does aid distort or threaten to distort competition?  
Does it potentially or actually strengthen the position of the recipient in relation to competitors? Almost all selective aid will have the potential to distort competition – regardless of the scale of potential distortion or market share of the aid recipient.
- Does aid actually or potentially affect trade between EU Member States?  
Most products and services can be traded internationally therefore aid for almost any selected business or economic activity is capable of affecting trade between EU States, even if the aided business itself only operates within one country. The only likely exceptions are single businesses such as a hairdresser or dry cleaner with a purely local market not close to a boarder.

#### EXAMPLES OF STATE AID

- Grants from government funded bodies such as: South East Local Enterprise Partnership; Manufacturing Advisory Council; Arts Council; Local Authorities
- National Lottery grants
- Interest rate relief or favourable loan terms (the value of State Aid is the difference between the preferential and commercial rate)
- Tax relief, exemptions or credits
- State guarantees or holdings
- State provision of goods or services on preferential terms
- Direct subsidies
- Relief from charges a business would normally bear
- Acquisition of land or buildings either gratuitously or on favourable terms
- Provision of assets, goods and services at below market value
- Indemnities against operating losses
- Reimbursement of costs in the event of success
- Dividend guarantees

- Public bodies buying assets, goods or services at above market value
- Preferential public procurement
- Reduction of, or exemption from, charges or taxes, including accelerated depreciation and the reduction of social contributions
- Assistance financed by special levies
- Capital transfers; and
- Certain State holdings in the capital of undertakings

#### **LESS OBVIOUS EXAMPLES WHERE STATE AID MIGHT ARISE**

- Consultancy advice
- Advantages resulting from the activities of agencies for urban renewal
- Assistance to help companies invest in environmental projects
- Assistance to help a public enterprise prepare for privatisation
- Legislation to protect or guarantee market share
- Public private contracts and partnerships not open to competitive tendering
- Receipt of landfill tax credit funding
- Free advertising on State owned television, and
- Infrastructure projects benefiting specific users

Further information on State Aid can be found on the government's website [www.gov.uk/state-aid](http://www.gov.uk/state-aid)

#### **CONTACT**

If you would like to discuss the Tendring SME Growth Fund in more detail, you can contact a member of the Programme Team via the Scheme's dedicated email address: [funding.support@tendringdc.gov.uk](mailto:funding.support@tendringdc.gov.uk)