





BUSINESS DEVELOPMENT GRANT GUIDANCE JUNE 2023

1. Introduction

The **Business Development Grant** is one of the business grants available under the Derbyshire Dales Rural Innovation Grant scheme. The grant scheme aims to assist business diversification, growth, adaptation and long term resilience.

The Business Development Grant is open to applications from small and micro businesses in specific sectors, with a trading address in the Derbyshire Dales. Eligible businesses must operate from business premises and directly employ staff. <u>Projects must be completed, in full, by 31 March 2025 (at the latest)</u>.

Details of the grant criteria and level of support available are set out below. Grants will part-fund new business investment and will be awarded on a first come first served basis. They cannot be used to fund running costs or projects already started or committed. Businesses must be able to finance the balance of the investment cost themselves.

To be considered for grant support, potential applicants are required to complete a registration form / expression of interest to check the eligibility of their business and project. We advise applicants to read the <u>Registration Form Guidance</u> prior to completion. **Please note: completion of the registration form is not an application for funding**. Once verified by the Economic Development Team, eligible businesses will be invited to submit a full application for consideration. The grant fund is limited therefore the District Council reserves the right to close the grant scheme at any time.

This grant scheme is funded by the UK Government through the UK Shared Prosperity Fund (UKSPF). The UK Shared Prosperity Fund is a central pillar of the UK government's Levelling Up agenda and provides £2.6 billion of funding for local investment by March 2025. The Fund aims to improve pride in place and increase life chances across the UK investing in communities and place, supporting local skills. business. and people and For more information, visit https://www.gov.uk/government/publications/uk-shared-prosperity-fundprospectus

2. Objectives

The key objectives of the grant scheme are to:

- stimulate enterprise and innovation
- enable small and micro enterprises to access new markets







- encourage green business growth
- enhance business resilience
- enhance business productivity
- enable the creation of higher skilled/higher paid roles.

Applications will be assessed on how well they fit with the objectives of the scheme.

3. Core Eligibility Criteria

Qualifying micro and small businesses – including any economic entity with which the business is linked, whether as a subsidiary of that entity or forming part of a group of linked companies – are eligible to apply.

To qualify as a <u>micro business</u>, a business must satisfy two or more of the following requirements in a year:

- Turnover: not more than £632,000
- Balance sheet total: not more than £316,000
- Number of employees: a headcount of staff of not more than 10

To qualify as a <u>small business</u>, a business must satisfy two or more of the following requirements in a year:

- Turnover: not more than £10.2 million
- Balance sheet total: not more than £5.1 million
- Number of employees: a headcount of staff of less than 50

All applicant businesses must:

- have a trading address within the Derbyshire Dales
- operate from business premises and employ 2 or more Full Time Equivalent (FTE) staff (excluding directors)
- be in one of the following sectors; hospitality (including visitor attractions, activity providers and accommodation), farm diversification, manufacturing, engineering, knowledge based and digital sector. Service and construction sector businesses may be eligible to apply if 50% or more of their turnover is derived from business to business transactions.
- be able to evidence trading for a minimum of 12 months at the time of application (businesses trading for less than a year may apply to the Business Start-Up Programme)
- fall into one of the following categories: registered as a limited company, a sole trader, a partnership or a limited liability partnership. Businesses must be registered either on Companies House or with HMRC and have a Unique Tax Reference Number







- be able to demonstrate it has sufficient financial resources available to cashflow the project and can provide the required match funding from its own funds; and
- the business must represent the applicant's primary source of income.

Grants may only be awarded where there is adequate justification of one or more of the following:

- that the investment would not go ahead without grant support
- that the investment would not go ahead at the scale proposed without grant support
- that the investment would not go ahead within the timescale of UKSPF (before 31 March 2025) without grant support
- that the investment would not take place in the Derbyshire Dales without grant support.

4. Required Outcomes

Applicants should demonstrate how the grant investment will contribute to the objectives of the grant scheme and outcomes below and will be required to quantify proposed outcomes within their grant application (definitions of the outcome measures as set out in **ANNEX 1**):

- increased business turnover
- improved business productivity
- businesses adopting new to the firm technologies or processes
- decrease in CO₂ emissions
 NB. This can be calculated using the <u>Carbon Trust calculator</u> which uses the <u>BEIS conversion factors</u> which are required to be used under UKSPF
- jobs safeguarded within the applicant business as a direct result of grant support i.e. a permanent and paid job that was at risk prior to support being provided. The applicant will be expected to upload written evidence of this via the completion and submission of a Jobs Safeguarded form found at **ANNEX 2**
- new jobs created within the applicant business i.e. the number of new, permanent, paid, full-time equivalent (FTE) jobs created as a direct result of grant support.

Applications will be scored and assessed on the number and quality of proposed outcomes, whether they are realistic and whether they offer value for money for the amount of grant requested. Outcomes should be SMART i.e. Specific, Measurable, Achievable, Realistic and Time-specific with a baseline included e.g.

% increase in business turnover:

- 21% forecast increase in turnover from £247,700 in March 2024 to £300,000 by March 2025







no. jobs created as a result of support:

 2 new high skilled FTE jobs created (with intended life expectancy of min 12 months) by March 2025, increasing the number of directly employed FTEs from 8 to 10

and an explanation provided to explain the basis of each outcome.

Approved outcomes will be monitored as a condition of any grant award.

5. Exclusions

The following exclusions apply (list not exhaustive):

- businesses which are dormant, in administration, insolvent or subject to a striking off notice
- businesses that have already received public aid equal to the maximum permitted level of subsidy under the Minimum Financial Assistance (MFA) subsidy allowance (see section 12)
- Post office sorting offices, landlords and property developers, businesses operating in the sectors of agriculture, fishery, aquaculture and forestry (other grant support available) unless diversifying into eligible sectors, retail and personal care businesses (independent businesses eligible under the Business Adaptation Grant), educational establishments, healthcare providers inc. care homes, doctors and dentists, accountants, solicitors, insurance agents, financial advisers and other financial services including banks, building societies, bureaux de change and loan providers, political organisations, religious organisations, vacant premises and car parks
- Sole Trader/Partnerships where the income from the business does not represent the individual(s) primary source of income (i.e. represents less than 50% of their total income including employment, pensions and all other income)
- businesses which are part of national chains or franchises
- any business suspected of having gained other grant funding under false pretences or suspected of fraud or manipulation to gain public funds
- organisations whose activities are contrary to the vision and values of the District Council.¹

6. Eligible Costs and Grant Amounts

Grants may be capital or revenue. Eligible expenditure includes the following costs where it can be demonstrated that the proposed investment will directly support

¹ <u>NNDR_Discretionary_Reliefs_Policy_Approved_5_December_2018.pdf</u>







the objectives and required outcomes of the grant scheme. Proposed expenditure needs to be new to the business and not ongoing costs.

- new equipment or technology required to develop/diversify/grow the business inc. new to the firm technologies or processes, more efficient production processes and capital expenditure to enhance energy efficiency and reduce the carbon footprint of the business Please note – in exceptional circumstances, secondhand equipment may be considered; please contact us at <u>ukspf@derbyshiredales.gov.uk</u> to discuss further.
- 2. digital adoption inc. investment in e-commerce and on-line booking systems
- capital expenditure to enable adaptations to commercial premises to support business expansion or enhance flood resilience (please contact the District Council to confirm eligible areas) where the occupier is the applicant business. Grant funding is not available for capital improvements to commercial property which is subsequently let to other users.
- 4. buying in specialist consultancy services to develop/diversify/grow the business or bespoke training necessary to upskill the workforce and address skills shortages inc. training for business owners, employers, managers or employees*

*either unavailable through other externally funded provision or cannot be obtained in a geographically close location. Grants for specialist consultancy services and/or training are capped at a maximum of £8,000.

The maximum project cost, intervention rate and grant is as follows:

Total project cost	Maximum Grant
£10,001 - £50,000	Up to 50% of total <u>eligible</u> costs
ex. reclaimable VAT	i.e. £5,000 - £25,000

The remainder of the funding must be provided by the applicant business.

Only one grant award per qualifying business/group of linked businesses is permitted during the lifetime of the fund (i.e. to 31 March 2025).

Eligible businesses will be expected to fund 100% of the project costs upfront. Grant awards will be paid in arrears based on the agreed intervention rate and maximum grant within the contract. Any expenditure committed or incurred prior to consideration of the application and project approval is entirely at the applicant's own risk.

The eligible grant amount will be reimbursed on production of receipted invoices / evidence of payment from the business bank account and evidence of delivery /







completion of the project. Grant payments will normally be made in a single payment upon completion.

7. Ineligible Costs

Ineligible project costs include (list not exhaustive):

- expenditure committed or incurred prior to the date the full application is submitted
- ongoing business overheads including routine marketing and promotion, equipment leasing costs, recurring licence fees, subscriptions and service charges, repairs and maintenance, banking, insurance, legal and accountancy fees
- purchase of stock
- wage costs and related employment costs
- costs associated with capital build projects e.g. property acquisition, property development, land and consents
- relocation costs i.e. the costs of moving the business from one premises to another
- like for like replacement equipment including: computers, general software and printers (NB upgrading of equipment resulting in improved business productivity is eligible for consideration)
- soft furnishings, beds, tables, chairs, cutlery and crockery, curtains, televisions and audio equipment etc.
- vehicles for use on the public highway
- core agricultural business costs
- in-kind contributions e.g. using your own labour, vehicle and office space
- single items of equipment costing less than £2,000
- consultancy costs associated with bidding for funding
- paid for lobbying, entertaining, petitioning or challenging decisions, which means using the fund to lobby (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity including the receipt of UKSPF funding; or attempting to influence legislative or regulatory action
- payments for activities of a party political or exclusively religious nature
- gifts, or payments for gifts or donations
- statutory fines, criminal fines or penalties
- payments for works or activities which the project deliverer or end beneficiary, has a statutory duty to undertake, or that are fully funded by other sources
- contingencies and contingent liabilities







- dividends; bad debts; costs resulting from the deferral of payments to creditors or winding up a company; expenses in respect of litigation, unfair dismissal or other compensation
- costs incurred by individuals in setting up and contributing towards private pension schemes
- recoverable VAT.

Please note the grant cannot be used to match fund a grant from another public body.

Where a business is investing in the fabric of a rented premises, the support of the property owner, size of the grant and remaining length of the lease will be taken into account in assessing the application.

8. How to Apply for a Grant

Projects must be ready to start within 3 months of application. Applicants must first complete an <u>online registration</u> form for UKSPF support. The Economic Development Team will then verify registration information / initial project information and eligible businesses will receive an email link to apply for grant funding.

Please refer to the <u>Guidance for UKSPF Registration</u> if you have not already registered. Please also refer to the <u>Grant Process for Applicants</u> for information about the overall application process.

Information Required to Support your Application:

- Your UKSPF Unique Registration Number
- Company accounts (last 3 years) or tax return (last 3 years)
- Copy of most recent bank statement for the bank account into which the grant would be paid. Bank statements must show the business name, address, bank account number, sort code and recent transactions. Please note: Bank account extracts, partial statements will not be accepted
- Details of previous public aid/assistance received.
- Details of permissions, consents or licences in place or required
- Financial evidence that the applicant has the funds in place to undertake the project and make their contribution towards the cost
- If you are proposing that the grant will safeguard existing jobs, completion of the Jobs Safeguarded form demonstrating that these jobs would be at risk within the next 12 months and how the grant investment will secure these positions
- three written quotations from relevant suppliers/competitive sources. All quotations must be based on: the same written specification (supplied to the Council with the quotations received); the same evaluation criteria and the same closing date (allowing a minimum of 10 days to receive quotations is







recommended). Where quotations have already been sought and the above evidence can be provided, quotations must be less than 6 months old.

Please ensure all questions are answered in full. <u>Applicants will need to provide</u> sufficient detail to warrant the level of the grant applied for and to justify the award of public funds. Applications providing limited information will be scored accordingly and may not meet the minimum threshold.

As part of your application, you will be required to complete a spreadsheet with the details of the items / services you wish to purchase; this will expand as you enter each item.

Applications will not be considered complete and accepted until the applicant has provided all the necessary information to the District Council. The Council will make the final decision on the evidence that is required, as this may differ on a case-by-case basis, depending on the circumstances of each business.

Should a complete application be submitted after an incomplete application, the complete application will be deemed to have been submitted first and will be processed subject to eligibility. Should funding be exhausted whilst an incomplete application is awaiting evidence, it will not be eligible for funding.

Businesses will be required to make a series of declarations to confirm their eligibility for grant assistance, including subsidy compliance, and that the information they have provided is accurate and complete.

Information provided by businesses will be subject to both pre and post payment checks by District Council officers, including the District Council's Auditor where appropriate. The District Council reserves the right not to proceed any further with an application if there is doubt over the evidence provided.

9. How Your Grant Application will be Assessed

Grant applications will be scored and assessed and considered by the Derbyshire Dales UKSPF Partnership Executive.

Grant awards will be based on the information submitted and declarations made by a business within their application.

The application process is competitive and each application will be scored and assessed on its own merits against the grant criteria.

Following initial eligibility checks, scoring will assess the:

- fit with fund objectives / priorities / outcomes
- need for the project and grant
- deliverability of the project within the fund timescales and risks







 value for money and additionality of the grant e.g. number of jobs created for the grant requested

The assessment will also include consideration of:

- environmental benefits and equalities issues
- o business, fraud and subsidy control checks
- evidence of the financial contribution from the business
- o the total grant funding available under the scheme
- any project specific conditions which may be required.

Applications need to meet a minimum threshold score to be recommended for approval.

10. Grant Award Process

The District Council aims to assess fully completed applications within 20 working days. A record will be made of the decision, the grant awarded, or the reasons for rejection.

Successful applicants will be issued with a grant agreement to sign and return within 5 working days.

Unsuccessful applicants will receive a letter explaining the reasons why their application has been unsuccessful. Applicants can ask the Chair and Vice Chair of the Derbyshire Dales UKSPF Partnership Board to review their decision if they can evidence that:

- the decision was based on an error of fact
- the decision was wrong in law
- the UKSPF Executive Grant Panel made a procedural error.

The decision made by the Chair and Vice Chair will be final. If all funds have been exhausted before an Appeal is determined, the business will not be eligible for a grant and the District Council will not be responsible for the business missing out on grant funds.

All grant funding decisions are subject to availability of funds. <u>The Council may close</u> the application process at any time due to the number of applications received. When funding has been exhausted, no further grants will be payable regardless of the potential eligibility of any applicant.

11. Grant Claim Process and Monitoring

Applicants must submit grant claim forms within 10 working days of the project completion date.







Payments will only be made upon satisfactory receipt of:

- a fully completed grant claim form
- compliant evidence of eligible expenditure incurred
- evidence of completion of the project.

All project expenditure should be made and evidenced through the business bank account. Cash payments, personal credit card or PayPal payments are not deemed an eligible payment method and will not be considered.

The District Council will aim to pay fully completed claims for eligible expenditure within 10 working days. Successful applicants receiving a grant will be required to complete monitoring returns for a period after the award of a grant. This may include visits from the District Council. Details will be set out in any grant award.

The Government and the District Council will not accept deliberate manipulation or fraud. Any business providing false or misleading information to gain grant money will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error. Clawback of grant funding may also apply should project outcomes fall significantly below forecasts at monitoring stage.

12. Subsidy Allowance

All grants provided under the Rural Innovation Grant scheme must be compliant with UK subsidy rules.

Subject to a successful application, grant assistance through the Business Development Grant will be offered / paid under the **Minimal Financial Assistance** (MFA) subsidy allowance which allows an enterprise – including any linked entities together constituting a single economic entity engaged in economic activity – to receive up to £315,000 in financial assistance during any three fiscal year period.

MFA subsidies are exempt from the substantive Subsidy Control requirements, meaning that subsidies given as MFA will not need to be assessed against the Subsidy Control principles or energy and environment principles. However, there are two prohibitions that apply to all Subsidies including MFA. These are the prohibition on giving Subsidies relating to goods for export performance and the prohibition on domestic content.

MFA is capped at a threshold of £315,000, meaning that no individual recipient can receive more than this amount over the applicable period (3 financial years). MFA Subsidies are subject to cumulation rules, under which MFA Subsidies cumulate with







each other and with other Subsidies that fall within the category of 'Minimal or (SPEI) financial assistance'. It also includes any aid given under the EU state aid de minimis regulations and Subsidies given as small amounts of financial assistance under the UK–EU Trade and Cooperation Agreement after 31 December 2020 but before this section of the Act comes into force. This prevents enterprises being able to receive many Subsidies that are individually of low value, but that cumulatively exceed the £315,000 threshold.

To confirm the business is eligible to receive this assistance you must declare the full amount of: Government assistance (inc. COVID business grants); EU assistance (inc. De Minimis) and any other public sector aid (inc. free or subsidised advice or consultancy services) you have been awarded in the current and previous two fiscal years. To note: the Government previously confirmed that Coronavirus Job Retention Scheme grants and business rate relief were not counted for subsidy purposes.

Businesses applying for assistance will be required to confirm that in accepting a grant, the business, including any linked entities together constituting a single economic entity engaged in economic activity, will not exceed the Minimal Financial Assistance threshold.

Recipients will also need to declare any grant funding awarded to any other aid awarding body who requests information on how much public aid you have received.

13. Privacy Notice

Derbyshire Dales District Council takes your privacy seriously. We will treat all personal and business information provided in confidence and store it securely in accordance with the Data Protection Act 2018, the General Data Protection Regulations and the Council's <u>Data Protection Policy</u>.

Your information will be used for the purpose for which it was intended, i.e. to enable us to process business grant applications and payments under the Rural Innovation Grant scheme and will be stored for no more than 10 years, according to the UKSPF data retention requirements.

Your data may be shared with other departments within the Council, Government departments responsible for the UK Shared Prosperity Fund/Rural England Prosperity Fund and third party delivery partners/processors operating on our/their behalf. We may also share information with other enforcing authorities for the purpose of preventing fraud, misuse of public funds and any legal or statutory requirements.

For more information on how we process your personal data and your rights as a data subject, visit <u>www.derbyshiredales.gov.uk/your-council/data-information/data-protection</u>







14. Branding and Publicity

Grants provided by the UK Shared Prosperity Fund should be acknowledged on all relevant printed publicity, websites and in any press releases. Such acknowledgment and publicity may include a statement on any website operated by the applicant for business purposes and a notice displayed on the applicant's land or premises. Information regarding the UKSPF Branding and Publicity requirements will be included in any grant award.

The District Council reserves the right to publicise business projects receiving support from the Business Development Grant. A condition of grant is that grant recipients must co-operate in any media or photography activity organised by or agreed by the District Council.

15. Other Important Information

Grant income received by a business is taxable therefore funding paid under the Business Development Grant will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax.

Grant claims will be processed through a series of checks, including checks against our business rates database and checks for fraud including use of the Government Spotlight anti-fraud software and the National Fraud Initiative database. The District Council reserves the right to verify/put on hold any application to enable detailed checks to be carried out. Any suspected cases of fraud will be investigated by the Council's Auditor and passed on to the relevant Government agency.

The Government guidance on which this document is based has been subject to change and, as such, this document may also be subject to change. The District Council does not accept any liability if any of the changes affect the eligibility of any business for Business Development Grant support. In addition, the District Council does not accept any liability for any issues that may arise for businesses because of applying for, receiving, or not receiving payments under this grant scheme. Funding awarded though the Business Development Grant is subject to receipt of UKSPF funding to Derbyshire Dales District Council.

Enquiries regarding the Grant can be emailed to <u>ukspf@derbyshiredales.gov.uk</u>







ANNEX 1 - UKSPF Outcome Measure Definitions:

Number of enterprises with improved productivity	Number of enterprises	Number of enterprises with improved productivity. - Enterprise means a sole trader, micro business, small and medium-sized enterprise, or large business. It also includes social enterprises where these engage in economic activity. - Productivity refers to the gross value added per hour worked or gross value added per worker.
Number of enterprises adopting new to the firm technologies or processes	Number of enterprises	 The number of enterprises introducing a new to the firm technology or process (through external sources e.g., procurement). Enterprise means a sole trader, micro business, small and medium-sized enterprise, or large business. It also includes social enterprises where these engage in economic activity. A technology or process is new to the firm if it did not use a technology or process with the same functionality before, or the production technology or process is fundamentally different from those already used. This may be tangible or intangible. If an enterprise introduces multiple new technologies or processes, it is still counted as one enterprise.
Estimated Carbon dioxide equivalent reductions as a result of support	Tonnes of CO2e	Carbon dioxide equivalent (CO2e) covers a wide range of greenhouse gases (GHG) that have an impact on climate change resulting from the specific UKSPF intervention. Decrease in tonnes of CO2e should be measured using BEIS Conversion Factors for calculating resulting primary energy savings. The estimate is based on the amount of CO2e saved in a given year, i.e., a projection of estimated savings of either one year following project completion or the calendar year after project completion through a methodology agreed by project appraisers.
Jobs safeguarded as a result of support		A safeguarded job is a permanent and paid job that was at risk prior to support being provided, and which the support helped the business to retain. This includes sole traders and business owners. Safeguarded jobs exclude those created solely to deliver the intervention (e.g., construction). This includes both part-time and full-time jobs, which should be recorded relative to full-time equivalent (FTE). - FTE should be based on the standard full-time hours of the employer. - At risk is defined as being forecast to be lost within 6 months. - Only count each individual FTE or job once through the lifetime of a project (i.e. it should not be counted every year) - FTE is a measure of an employees scheduled hours in relation to an employers hours for a full time workweek







		The number of new, permanent, paid, full-time equivalent (FTE) jobs created following support. This includes both part-time and full-time jobs, which should be recorded relative to full-time equivalent (FTE). FTE should be based on the standard full-time hours of the employer.
Jobs created as a result of support	Number of Full time equivalent (FTE)	 New means it should not have existed with that employer before the intervention. Created jobs exclude those created solely to deliver the intervention (e.g. construction). Permanent means it should have an intended life expectancy of at least 12 months from the point at which it is created. Only count each individual FTE or job once through the lifetime of a project (i.e. it should not be counted every year) FTE is a measure of an employees scheduled hours in relation to an employers hours for a full time workweek







ANNEX 2 - Derbyshire Dales UK Shared Prosperity Fund – Jobs Safeguarded Form

Within your Business Development Grant application you have indicated that the investment from the UK Shared Prosperity Fund will safeguard jobs within the business.

In order to safeguard a job, the position needs to be at risk of being lost within the six months after applying for a grant. The job must be paid and a permanent position – so individuals who are in temporary positions or coming to the end of a contract are not eligible.

A sole trader and any business owners can be included in the total if the positions meet the same criteria as for staff members.

The investment from the grant needs to form part of the reason why the job can subsequently be safeguarded (for example it will increase turnover, will allow staff to be retained, will develop new services staff could be redeployed onto or prevents the businesses needing to outsource a function).

A safeguarded job must be an existing job at the time of submitting an application and not be a job that will subsequently be created after the investment. It is possible to both safeguard and create jobs through a project.

In order to include these jobs as an output within your project we need the business to provide the information set out below.

Derbyshire Dales District Council will treat all information provided in confidence and store it securely in accordance with the Data Protection Act 2018, the General Data Protection Regulations and the Council's Data Protection Policy. Please inform us if any commercially sensitive information should not be included.

By completing this form you understand and agree that the data contained within will be held by the District Council for the purpose of processing business grant applications funded by the UK Government through the UK Shared Prosperity Fund and may be shared with other departments within the Council, Government departments responsible for the UK Shared Prosperity Fund / Rural England Prosperity Fund and third party delivery partners / processors operating on our / their behalf. We may also share information with other enforcing authorities for the purpose of preventing fraud, misuse of public funds and any legal or statutory requirements.

Name of

Business

Address of		
Business/Postcode	 	



.....





How many hours are there in a normal working week for any full time staff?

How many Full Time Equivalent jobs do you plan to safeguard?

Title of each Job at Risk	Reason why the job is at risk	Number of hours worked	Reason why the grant will safeguard this specific role

Please note the number of proposed jobs safeguarded will form part of your grant agreement and monitoring should your grant application be successful.

Name of Person Completing the Form.....







Position in the Business	
Dete	
Date	
Signed	

NB Please print and provide a wet signature on form before uploading