**SME BUSINESS GRANT SCHEME: Call Specification**

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| **Accountable Body** | Shepway District Council |
| **Fund** | European Regional Development Fund (ERDF) |
| **Priority Axis:** | European Regional Development Fund  Priority Axis 8: Promoting social inclusion and combating poverty and any discrimination.  Investment Priority 9d: Undertaking investment in the context of Community Led Local Development strategies |
| **Call Reference** |  |
| **CLLD Programme Fund Allocation** | ERDF £225,000 |
| **Call Opens** | [Date of launch event] |
| **Call Closes** | Stage 1 – Submission of Eligibility Questionnaire   * 5pm Friday 2nd March 2018   Stage 2 – Submission of Full Application   * 5pm Friday 20th April 2018 |

Grant applicants are advised to read the Folkestone Community Works Grant Manual that is available to download from [www.folkestonecommunity.works](http://www.folkestonecommunity.works)

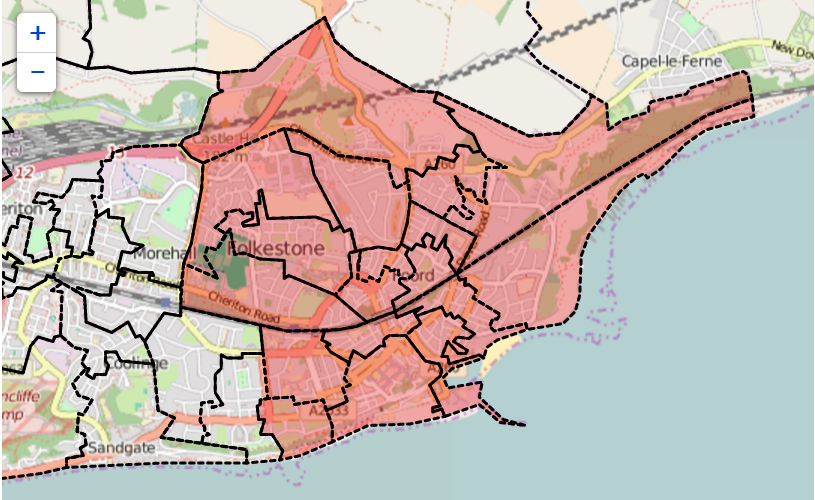
This explains what applicants must do to apply for a grant, how grant applications are assessed and how to meet the terms of a Grant Funding Agreement if an application is successful.

Further information is also provided to help applicants, including key documents and acronyms and definitions relevant to this Call

1. **Introduction**

Folkestone Community Works CLLD is a community-led local development programme which aims to help residents in the central, east and harbour areas of Folkestone access jobs and to support businesses in the area to grow.

The map below shows the eligible area for the programme funding.



The Folkestone Community Works programme has access to European Structural Investment Funds (ESIF) that can be used to support projects which align with the objectives and priorities identified in the Programme Strategy.

The Programme has three objectives and eight actions to address the key issues in this part of Folkestone.

**Objective 1 - Enhancing work-readiness and well-being**

Action 1.1: Work experience and job preparation for young people

Action 1.2: Getting people back into work

Action 1.3: Promoting emotional and physical well-being

Action 1.4: Promoting financial wellbeing

**Objective 2 - Promoting local business and social enterprise**

Action 2.5: Promotion of social enterprise

Action 2.6: Support for business start-ups

Action 2.7: DIY Space /incubation

**Objective 3 - Integrated delivery mechanism for the strategy**

Action 3. 8: Setting up and operating the Community Hub

1. **Scope of the Call for SME Business Grant Applications**

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| ***Call for Grant Applications*** | This call is to provide grants for SME businesses that are located within the Folkestone CLLD area to support Objective 2 -Promoting local business and social enterprise of the Folkestone Community Works Local Development Strategy:  SME businesses are individual firms which have < 250 employees and a turnover under €50million. If a firm is part of a larger group then please refer to guidance [here](https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en) to determine if your company is an SME.  Grants will be available to SME businesses which:   1. Support the growth of a business located within the eligible area; 2. Demonstrate innovation; 3. Are an effective and efficient means of delivering the required objective; 4. Represent value for money; 5. Have the required minimum 50% match funding for the ERDF contribution and that the specific match funding stream does not include any ERDF funds received through other ESIF funded programmes. For example, funds obtained from other programmes, such as SEBB, is not eligible as match funding; 6. Do not lead to a deterioration or loss of environmental assets or resource; 7. Have an appropriate equal opportunities and appropriate sustainable development policies in place; 8. Have appropriate systems for meeting the monitoring requirements for ESIF funded grants. |

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| ***Programme Objective*** | **Objective 2: Promoting local business and social enterprise** |
| ***Actions*** | 2.5 Promotion of Social Enterprise and SMEs  2.6: Support for Business Start-ups |
| ***Funding allocation*** |  |
| ***Funding available*** | Up to 75% of the total ERDF fund allocation are available to SME businesses for this grant scheme in this Call. This represents £168,750 ERDF for projects which together will have a minimum total project cost of £337,500.  There will be no restriction on the size of grant available to a single SME. |
| ***Eligible sectors*** | Most business sectors are eligible for the SME Business Grant Scheme but there are exceptions, including:   * Retail * Banking and insurance, including insurance brokers * Fishery and aquaculture sectors which are supported through EFF * Primary production, processing and marketing of agricultural products * Coal, steel and shipbuilding * Synthetic fibers * Educational establishments providing generalised (school age) education * Banking and insurance companies, including insurance brokers who act as intermediaries and ‘sell’ insurance policies to businesses or individuals * Charities and voluntary sector organisations, that are not using a trading arm * Membership organisations that are politically affiliated   For further details see ERDF Eligibility Guidance; England European Regional Development Fund Operational Programme 2014-20; version 7; 24 November 2017. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662344/ERDF_Eligibility_Guidance_v7.pdf) |
| ***Geographical***  ***Scope*** | Proposed activity must be within the red line boundary of the Folkestone CLLD area shown in the map above. |
| ***Target Groups*** | * SMEs * Social Enterprises * New Start-ups * Potential entrepreneurs/Pre-start businesses |
| ***Examples of activity and potential interventions*** | ERDF capital and revenue grants are available to directly deliver a project and in accordance with the ERDF Eligibility Guidance. Purposes for which ERDF capital grants area available include:   * Small scale building refurbishment - including external/internal refurbishment and conversion of existing buildings up to a maximum ERDF grant of £10,000. * Plant, Machinery and other Equipment- tangible fixed assets used for the purpose of providing a service and equipment required for research purposes. If plant and machinery is subject to hire/lease purchase agreements, the capitalised value of leasing and hire purchase can be included. * Fees and salaries - for design and supervision, legal consultancy fees, notarial fees, and the cost of technical and financial experts if they are directly linked to the project and are necessary for its preparation or implementation.   ERDF revenue grants may be available for purposes such as:   * Premises costs and associated running costs which are exclusively used for the project * Equipment * Marketing, publicity and evaluation costs * Procured goods/services/works * Premises costs such as rent, gas, electricity, water and insurance |
| ***Outputs and Results*** | Projects are required to focus on and deliver support which will deliver the following outputs:   * Increased employment in supported enterprise (ERDF CO08) * New products to be developed * New processes to be introduced or further developed |

1. **Project Match Funding Requirements**

There is a requirement for an SME to provide a minimum of 50% match funding for an ERDF grant. Sources of **Eligible** Match Funding include:

1. Bank loan or overdraft facility for the project delivery organisation
2. Company/Organisation own funds
3. Own funds (including Owners/Directors loan)
4. Personal funds from Company/Organisation
5. Private investor/New Share capital/New equity investors

## Ineligible match funding includes:

1. Costs already incurred
2. Loans or overdraft facilities which have been committed to over previous expenditure and potential future profits
3. Company/Organisation own funds which include any ESF or ERDF funding received to deliver other projects

Evidence that the match funding has been secured will be required prior to the signing of the Grant Funding Agreement before any grant is made.

1. **Grant Application Process**

The grant application process comprises two stages:

**Stage 1: Completing Eligibility Questionnaire**

SMEs are required to complete an Eligibility Questionnaire (EQ). This document is enclosed with the Call for Project pack and is also available in electronic form from [www.folkestonecommunity.works](http://www.folkestonecommunity.works)

If required, 1-2-1 support to complete this will be provided by the Folkestone CLLD Programme Manager who can be contacted via email to [**folkestonecommunityworks@shepway.gov.uk**](mailto:folkestonecommunityworks@shepway.gov.uk)

The completed EQ will be used to determine whether the SME has met the eligibility criteria and can progress to the completion of the full application.

All potential project applicants to complete the Eligibility Questionnaire (EQ) by the submission date.

**The submission date for the Eligibility Questionnaire is 5pm Friday 2rdMarch 2018.**

### Please email the completed Eligibility Questionnaire to: [folkestonecommunityworks@shepway.gov.uk](mailto:folkestonecommunityworks@shepway.gov.uk)

After the submission of the EQ the CLLD Programme Project Assessor will undertake an assessment and make recommendations to the Local Action Group which makes decisions on whether the applicant has met the eligibility criteria and should progress to the submission of a full application.

All grant applicants submitting the EQ will be informed of the outcome of the EQ assessment and next steps by **5pm Friday 16th March 2018**.

**Stage 2: Completing the full application**

All those successful at stage 1 will be invited to submit a full application. If required, 1-2-1 support will be provided to grant applicants by the Programme Manager.

**The submission date for the Full Application is 5pm Friday 20th April 2018.**

After the submission of the Full Application the CLLD Project Assessor will undertake an appraisal of the application and make recommendations to the Local Action Group, which will make decision recommendations to the Accountable Body.

All grant applicants will be informed of the decision and next steps by **Friday 1st June 2018**.

1. **Grant Application Assessment Process**

Grant applications will be assessed against the agreed criteria by the CLLD programme management team who will prepare a recommendation report for the Local Action Group (LAG). The criteria reflect the eligibility criteria set out in ERDF national eligibility rules and in the Grant Manual.

The LAG will make recommendations on whether a grant should be approved to the Accountable Body, after a full discussion on the project at the LAG meeting. This process will operate in accordance with the LAG Terms of Reference (available on [www.folkestonecommunity.works](http://www.folkestonecommunity.works)). Grant applicants may be invited to attend the LAG meeting to answer questions about the project and the LAG might chose to invite an expert to provide advice.

The recommendations made by the LAG will ideally be made by consensus, but if this is not possible then by a majority vote. For all decisions made by the LAG there is a requirement that any public sector members or any single interest group does not have more than 49% of the voting rights during decision-making.

All Grant applicants will be notified of the decision within 10 working days following the formal decision by the accountable body.

For grants not awarded, applicants will be given feedback and, where appropriate, will be encouraged to address any shortcomings and to re-apply

The minutes of the LAG meeting will generally only record the decision made. Detailed discussions on grant applications will generally not be minuted, although this will be at the discretion of the Chair.

1. **Contracting**

Successful applicants will first receive an Offer Letter and will be required to complete and sign and return the Funding Agreement before any grant monies can be dispersed. These agreements will specify the scope of work and the terms and conditions under which the grant has been approved, as well as the termination process and reporting requirements.

The programme management team will work with each SME Business Grant applicant to put in place all legal agreements. Visits to each project applicant will be made by the programme management team to ensure that they have the necessary understanding and systems in place to undertake the required monitoring and meet all other requirements for the European funding, especially with regard to evidence gathering, match funding source and procurement requirements.

Once the legal documentation has been signed by both signatories, the grant holder will be able to commence the project as specified in the Funding Agreement.

Upon returning on the completed Funding Agreement, details of the grant holder will be entered into an Electronic Form so that payments can be set up for payment through the financial system.

1. **SME Business Grant Claims Process**

Grant holders will be required to utilise the electronic template provided by the Shepway District Council for all records, including financial claims and to submit this along with the required evidence to support each claim. The project grant forms are available in electronic form and can be downloaded from [www.folkestonecommunity.works](http://www.folkestonecommunity.works)

Each grant claim will be paid in accordance with the details set out in the Grant Funding agreement where:

* The Council has received an invoice for the relevant grant amount from the grant holder
* The Grant Claim is for Eligible Expenditure and is in arrears.
* The payment of the Grant related to actual costs incurred with required evidence submitted to substantiate the claim.
* The required evidence of receipt of the required match funding, as detailed in the Grant Agreement, is provided.
* The agreed outputs for the specified period, as set out in the Grant Funding Agreement, have been achieved and evidence provided to substantiate this.

The grant holder will be required to produce the following evidence of expenditure each quarter:

* A detailed transaction report from their financial system showing payment amount, date, recipient and payment reference.
* A bank statement showing an itemised transaction list, with relevant project expenditure clearly highlighted.

For each individual transaction, evidence will be required for all aspects of finance and procurement, including:

* quotes/tender and other documentation complying with ESIF procurement requirements
* copy of purchase orders
* properly certified final invoices
* receipt of goods
* payment details (from finance system)
* remittance advice
* timesheets
* bank statements showing payment
* any other evidence of defrayal for expenditures related to the match funding and the grant

Each grant claim will be checked for expenditure eligibility by the programme management team against bank statements, programme delivery records and budget profiles.

A procurement procedure check list may be used by the Programme Assistant to check that expenditures are in line with ESIF procurement guidelines (see Key Documents section). This check list might include, for example, such things as:

* checking that the expenditure is not part of a series of contracts that have been artificially divided;
* That expenditures have been advertised on contracts finder if required; etc.
* For any project expenditures over £25 000, the Programme Manager will check thoroughly the evidence provided. The checks carried out will include making sure that the contracts haven’t been artificially divided and that the contract opportunity has been advertised on contracts finder.
* For contracts over £50 000, the Head of Economic Development will carry out a further check of all evidence, according to the procurement check list.
* The defrayal evidence submitted from each grant holder will need to be collated by the grant holder onto a Grant Claim Form, signed off by the grant holder, the Project Manager and countersigned by the Head of Economic Development.
* Once approved, the dedicated finance officer for the Folkestone Community Works programme at Shepway District Council will process the information into an order which the Accounts Payable team will then act on to pay the grant to the recipient. The order will be downloaded and stored alongside the Grant Claim Form; this will form part of the claim from the accountable body to the managing authority. All records will be maintained by the programme management team in accordance with ESIF requirements.
* The Council will normally pay the Grant Claim within 25 Working Days of receipt, but this is subject to the grant recipient satisfactorily meeting any request for further particulars about the Eligible Expenditure and achievement of outputs in the Grant Claim.
* Project and claim start and end dates will be carefully monitored and communicated to ensure that no expenditure outside the programme timeframe is submitted, unless previously agreed.

1. **Project Record Keeping**

All documentary evidence relating to any financial expenditure or procurement is required to be maintained and kept by the grant holder, in accordance with guidance laid out in the Grant Funding Agreement and this will include the retention rules.

Each grant holder will be responsible for maintaining the original documentation and transferring it to the programme management team as specified in the Grant Funding Agreement.

For any projects that involve expenditure on fixed assets valued over £5,000 which have been bought, built or improved using an ERDF grant, there is a requirement to record this information in an Asset Register. It is the responsibility of the grant holder to provide this information to the programme management team. This register, which will be maintained by the grant holder and provided quarterly to the programme management team, will capture and show the following information:

* Date of purchase
* Description of asset
* Type of asset (fixed or mobile)
* Price paid net of recoverable VAT
* Amount of ERDF grant paid
* Location of the asset and of the title deeds
* Serial or identification numbers
* Date of disposal
* Sale of proceeds net of VAT

1. **Publicity**

All businesses that are provided with ERDF funds will be informed of ESIF publicity requirements and will be required to adhere to these. This includes potentially noting the EC’s contribution.

1. **List of Acronyms**

CLLD Community-led Local Development

ESF European Social Fund

ERDF European Regional Development Fund

ESIF European Structural Investment Funds – this is a collective term for ESF and ERDF funding

SME Small Medium Enterprise. A business is defined as an SME if it has < 250 employees and a turnover under €50million. These ceilings apply to the figures for individual firms only. A firm that is part of a larger group may need to include staff headcount/turnover/balance sheet data from that group too. Access further information on the definition of an SME [here](https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)