**SME BUSINESS GRANT MANUAL**

1. **INTRODUCTION**
	1. The aim of the Folkestone Community Works programme is to promote the social and economic cohesion of Folkestone through interventions to help the most deprived communities. This will be achieved by helping residents to access jobs and by supporting local businesses to help them grow and provide new job opportunities.
	2. The Folkestone Community Works is an EU Community Led Local Development Programme which comprises funding from the European Social Fund (ESF) and European Regional Development Fund (ERDF).
	3. Folkestone Community Works programme has three objectives:
* Objective 1 - Enhancing work-readiness and well-being;
* Objective 2 - Promoting local business and social enterprise;
* Objective 3 - Setting up an integrated delivery mechanism for the strategy.
	1. The funding available under the SME Business Grant Scheme, including 50% match funding to be secured by project applicants, is shown in Table 1.

**Table 1**



**1.5 SME Business Grant Scheme Funding**

 The SME Business Grant Funding is available as follows for the types of eligible expenditure indicated.

|  |  |
| --- | --- |
| **ERDF Capital Grants:** | **Total funding available £350,000** |
| **Small scale building refurbishment** – including external/internal refurbishment and conversion of existing buildings**Plant, machinery and other equipment****Fees and salaries** – for design and supervision, legal consultancy fees, notarial fees, etc., directly linked to the project | Up to a maximum ERDF grant of £10,000 |

|  |  |
| --- | --- |
| **ERDF Revenue Grants:** | **Total funding available £100,000** |
| **Premises costs and associated running costs** which are exclusively use for the project**Equipment****Marketing, publicity and evaluation costs****Procured goods/services/works****Premises costs** such as rent, gas electricity, water and insurance |  |

1.6 The SME Business Grant Scheme will offer up to a maximum of £7,500 per business for Revenue Grants. However, in exceptional circumstances up to £20,000 may be available where the project will result in significant new jobs.

 Generally most business sectors are eligible but some are not. Please see list of ineligible businesses below:

* Retail, Banking and Insurance, including insurance brokers
* Educational establishments providing generalised (school age) education
* Charities and voluntary sector organisations (without a trading arm)
* Membership organisations that are politically affiliated

 **What you need to deliver**

1.7 The Folkestone Community Works programme has to deliver the specific outputs and results for the ESF and EDRF funding. The definitions of these output and results indicators can be found in the ERDF and ESF Output Indicator Definitions Guidance’s.

|  |  |  |
| --- | --- | --- |
| **ERDF code** | **ERDF INDICATORS OUTPUTS - EDRF** | **Target** |
| ERDF C1 | Number of Enterprises Receiving Support | 195 |
| ERDF C5 | Number of New Enterprises Created | 148 |
| ERDF C8 | Employment Increase in Supported Enterprises | 98 |
| ERDF P11 | Number of Potential Entrepreneurs Assisted to be Enterprise Ready | 175 |
| ERDF P2 | Public or Commercial Buildings Built or Renovated (sqm2) | 400 |

1. **GRANT APPLICATION PROCESS**

2.1 The second call for applications for SME Business Grants through the Folkestone Community Works Programme opened on 20th September 2018. SME businesses in the Folkestone Community Works area who have projects for growing their business and have at least 50% match funding towards the total project cost, should consider applying for an SME Business Grant.

2.2. The SME Business Grant Scheme is open to SME businesses within the Folkestone Community Works area and is a direct grant to businesses to support their development and growth

2.3 An SME businesses is an individual firm which has < 250 employees and a turnover under €50million. If a business 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.

2.4 To access the application documents for the SME Business Grant Scheme please go to [www.folkestonecommunity.works](http://www.folkestonecommunity.works)

2.5 The grant programme will operate through a competitive and open call to grant applicants. All relevant programme documents and project application material is available for download at [folkestonecommunity.works](http://www.folkestonecommunity.works)

2.6 This programme Grants Manual is intended to provide further information and supplementary guidance on the application process, terms and conditions for grants and the grant claims and monitoring processes.

2.7 The process for applying and being awarded grants through the programme comprises the following stages for the SME Business Grant Scheme:

* Stage One: Completing the Eligibility Questionnaire
* Stage Two: Completing the Full Application
* Stage Three: Assessment and Decision
* Stage Four: Contracting
* Stage Five: Project Commencement
* Stage Six: Grant Claims and Monitoring Processes

**Stage One: Completing the Eligibility Questionnaire (EQ)**

2.8 The EQ should be completed by the SME business to ensure the eligibility of the business for ERDF funding.

 Standard Industrial Classification (SIC) code can be found on your tax return. ONS Government SIC explanations. Look at 'Main Volume' <https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007>

2.9 The SME will enter into a legally binding Grant Funding Agreement with the Folkestone & Hythe District Council (as the Accountable Body for the programme), for the overall delivery of the project and for meeting the required European Regional Development Fund (ERDF) outputs and results.

2.10 Any further support required to complete the EQ will be available through the Folkestone Community Works Programme Management Team which can be contacted by emailing folkestonecommunityworks@folkestone-hythe.gov.uk

**The submission date for the Eligibility Questionnaire is 5pm Monday 15 October 2018.**

2.11 Once submitted, the Programme Management Team will assess the eligibility of the SME to receive ERDF funding, which will include appropriate credit checks for private sector organisations.

2.12 Recommendations from the EQ assessment will be made to the Folkestone Local Action Group (LAG), which will decide whether the project applicant has met the eligibility criteria and should progress to next steps and complete a full application.

2.13 All SME Business Grant applicants submitting the EQ will be informed of the outcome of the EQ assessment and next steps by 5pm Monday 22 October 2018.

**Stage Two: Completing the Full application**

2.14 Successful SME Business Grant applicants at the EQ stage will be invited to continue to submit a full application.

2.15 Specific guidance notes to support the completion of the application form and the application form is available at [folkestonecommunity.works](http://www.folkestonecommunity.works). The following guidance notes and forms are available:

* C1. ERDF SME Business **Grant Manual** (this document)
* C3.1 SME Business Grant Call Specification
* C3.2 SME Business Grant Eligibility Questionnaire
* C3.3 SME Business Grants Application Guidance Notes
* C3.4 SME Business Grant Application Form
* C3.4a SME Business Grant Application Form - Output annex
* C3.4b SME Business Grant Application Form - Budget annex

2.16 Examples of the forms used to assess applications and templates of the offer letter and grant funding agreement are also available for your information, should your application be successful

* D2.0 SME Business Grant EQ Assessment Form
* D2.1 SME Business Grant Assessment Form
* D2.2 SME Business Grant Offer Letter
* D2.3 SME Business Grant Funding Agreement
* D2.4 SME Business Grant Claim Form
* D2.5 SME Business Grant Output Monitoring Form

2.17 Should support be required to complete the full application form, 1-2-1 support will be available from the Programme Management Team for SME Business Grant Applicants.

**The submission date for the Full Application form for the SME Business Grant scheme is 5pm Friday 16 November 2018.**

2.18 All applications should be accompanied by a full set of supporting documents and applicants will be required to submit their applications by e-mail to the Programme Management Team to folkestonecommunityworks@folkestone-hythe.gov.uk

2.19 Should an applicant have any queries regarding the completion of the Application Form, then they should contact the Programme Management Team at folkestonecommunityworks@folkestone-hythe.gov.uk who will be able to answer any questions.

**Stage Three: Assessment and Decision**

2.20 After the submission of the Full Application, the Folkestone Community Works’ Project Assessor will undertake an appraisal of the application and make recommendations to the Local Action Group (LAG), which will made decision recommendations to the Accountable Body.

2.21 The recommendations made by the Folkestone 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.

2.22 The project recommendations by the LAG will be considered by Folkestone & Hythe District Council as the Accountable Body for the Folkestone Community Works Programme. Responsibility for the decision which will be made by the Local Decision Board, comprising Cabinet Lead Member for Communities, Cllr Jenny Hollingsbee and the Cabinet Lead Member for Finance, Cllr Malcolm Dearden and the Corporate Director for Place and Commercial.

2.23 Three decision notifications will be made:

**Approved**: The project is successful and can go on to the contracting stage.

**Reject/Revise:** The project does not meet the priorities and outputs of the Folkestone Community Works programme and should not be resubmitted in this form.

**Referred**: The project in its current form does not sufficiently meet the requirements for approval and will be referred back. In this case the applicant will be encouraged to revise and resubmit a revised application.

2.24 Applications that are Referred, will receive recommendations from the LAG as to which aspects of the application would need to be revised/improved for it to be successful.

2.25 With projects that are Reject/Revise, applicants will be given feedback and, where appropriate, will be encouraged to address any shortcomings and to re-apply for support.

2.26 Once the LAG has made decisions, the individual names of LAG members voting for and against projects will be recorded and signatures will be collected from each of the members in attendance, as evidence of the validity of the vote. Both the LAG’s recommendation and the decision by the Accountable Body are final. There is no right of appeal against the decision, its timing or phasing and the Programme Management Team will not normally enter into correspondence in this respect.

2.27 All project applicants will be notified of the outcome of the decision-making process within 10 working days following the formal decision by the accountable body, which is expected to be January 2019.

2.28 The minutes of the LAG meeting will generally only record the recommendations made and detailed discussions on projects will generally not be minuted. However, this will be at the discretion of the Chair.

2.29 All project applicants submitting a Full Applications will be informed of the decision and next steps by January 2019.

**Stage Four: Contracting**

2.30 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.

2.31 The Programme Management Team will work with each project applicant to put in place all legal agreements. Visits to each 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, such as with regard to evidence on expenditure and match funding, as well as rules on procurement, if appropriate.

**Stage Five: Project Commencement**

2.32 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.

2.33 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. **PROJECT GRANT CLAIMS PROCESS**

3.1 Grant holders will be required to utilise the electronic template provided by the Folkestone & Hythe 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 [folkestonecommunity.works](http://www.folkestonecommunity.works)

3.2 A project claim will be made by the SME according to the dates set out in the Grant Agreement with Folkestone & Hythe District Council.

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

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

3.4 Grant holders will be required to produce 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.

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

* quotes/tender and other documentation complying with ERDF 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

3.6 Each claim made by a grant holder will be checked for expenditure eligibility by the Programme Management Team against bank statements, programme delivery records and budget profiles, before being compiled into a central report that will form a central part of the project claim.

3.7 This information will be checked against the reported expenditure budget, by both the Programme Assistant and the Programme Manager.

3.8 A procurement procedure check list will be used by the Programme Assistant to check that expenditures are in line with ERDF procurement guidelines (see Key Documents section). This check list will 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.

3.9 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.

3.10 Once approved, the dedicated finance officer for the Folkestone Community Works programme at Folkestone & Hythe 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 ERDF requirements.

3.11 The Council will normally pay 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.

3.12 The Council will provide a maximum of 90% of the total ERDF grant after the evidence documents have been submitted and checked by the accountable body. The final 10% of the total ERDF funding will be made on the satisfactory completion of the project and delivery of all agreed outputs and results.

3.13 Project and claim start and end dates will be carefully monitored and communicated to ensure that no expenditure outside the programme timeframe is submitted. The Programme Management Team will update project level budget monitoring tables that include both actual spend and budget forecasts to highlight potential over/under spend against the approved budget. This information will be a regularly reported to the LAG.

1. **PROJECT RECORD KEEPING**

4.1 All documentary evidence ascertaining to outputs, finance and procurement is required to be maintained and kept by the grant holders, in accordance with guidance laid out in the Grant Funding Agreement and this will include the retention rules.

4.2 By keeping orderly and comprehensive records, it is far easier to assess the project status and progress towards overall outputs and results. The need to be able to provide records to substantiate claims and prove that the programme has satisfied the various ERDF requirements is a ‘golden thread’ which runs through the ERDF Regulations. This will be reiterated in the SME Business Grant Offer Letter.

4.3 The SME Business Grant recipient will be responsible for maintaining the original documentation and transferring it to the Programme Management Team on a quarterly basis to support regular project level claims.

4.4 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
* Photograph in situ with serial or identification numbers
* Date of disposal
* Sale of proceeds net of VAT

4.5 It is the responsibility of the grant holder to keep individual records for the following reasons:

* It is an essential requirement of European funding;
* To enable the project to complete interim and final claims;
* To monitor the progress and achievement of outputs and expenditure against the Offer Letter and grant Funding Agreement;
* To provide exact evidence of expenditure (i.e. there must be an audit trail);
* To use as evidence in annual reports;
* For monitoring and audit visits from internal and external parties.

4.6 It is the responsibility of the accountable body to maintain additional records to demonstrate:

* Sufficient audit trail – this should be traceable back to the original documents;
* Evidence of all expenditure;
* Evidence of open and fair procurement of goods and services (see ESIF Requirements);
* Evidence of auditable, accountable match funding;
* Compliance with publicity, equal opportunities and environmental requirements;
* Clear records of businesses supported for State Aid purposes.
1. **PROJECT PUBLICITY**

5.1 All businesses that received ERDF through the programme will be informed of ERDF publicity requirements. Checking adherence to these requirements will form part of the monitoring process. All materials used by grant holders to support the delivery of the project will be required to be provided to the Programme Management Team for approval before use.

**6 KEY POINTS TO NOTE**

* Projects must be finished within 6 months of the funding being issued.
* It would be helpful for newly formed businesses to have a Business Plan and show how the business is performing against this.
* Funding from other non EU Funding streams can be used a match although some rules apply. Further information can be provided by the Programme Management Team.
* The SME is required to provide the latest two years of business accounts.
* The SME is required to provide evidence of previous funding classed as ‘State Aid funding’.
* Match funding from a third party will require letters or emails to prove the funding is confirmed.
* Match funding from within the business will require proof via the accounts.

**7 KEY SUPPORTING DOCUMENTS**

7.1 Below is a list of key programme documents, many of which are also listed in the Application Form Guidance Notes and can be also accessed via the website [folkestonecommunity.works](http://www.folkestonecommunity.works)

* Folkestone Community Led Local Development: Programme Strategy, November 2016. To access click [here](http://folkestone.works/wp-content/uploads/2016/11/Folkestone-CLLD-Strategy-November-2016.pdf)
* Output Indicator Definitions Guidance for the European Regional Development Fund; 2014 to 2020 European Growth Programme; Version 6; ESIF-GN-1-002 June 2018. To access click [here](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705899/ESIF-GN-1-002_ERDF_Output_Indicators_Definition_Guidance_v5.pdf)
* European Regional Development Fund Operational Programme for England 2014-2020; National ERDF Eligibility Rules ESIF-GN-1-012, Version 1, published 20 March 2015. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592184/ESIF-GN-1-012_National_ERDF_Eligiblity_Rules_v1_a.pdf)
* European Regional Development Fund Operational Programme for England 2014-2020; Eligibility Guidance ESIF-GN-1-003, version 8, published 29 March 2018. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662344/ERDF_Eligibility_Guidance_v7.pdf)
* ESF Data Evidence Requirements – Eligibility and results; 2014 to 2020 European Growth Programme; Version 2; Published 24 May 2016. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591548/ESF_Data_Evidence_Requirements_v2.pdf)
* [England European Social Fund Operational Programme 2014-20 Programme Guidance v2, 15 December 2016](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/578823/ESF_2014-2020_Programme_Guidance.pdf).
* National ESIF Procurement Requirements;2014 to 2020 European Growth Programme; ESIF-GN-1-001, Version 5; published 20 February 2017. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592852/ESIF-GN-1-001_ESIF_National_Procurement_Requirements_v5.pdf)
* National Eligibility Rules for 2014-2020 European Social Fund; Version 7; published 11 July 2017. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/626878/ESF_national_eligibility_rules.pdf)
* Procurement Aide Memoire for Applicants and Grant Recipients; 2014 to 2020 European Structural and Investment Funds Programme; ESIF-GN-1-007 Version 2 Date published 8 December 2016. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591555/ESIF_Procurement__Aide_Memoire_for_Applicants_and_Grant_Recipients.pdf)
* State Aid: The Basics Guide; July 2015; Department of Business Innovation and Skills. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443686/BIS-15-417-state-aid-the-basics-guide.pdf)
* The State Aid Manual; July 2015; Department of Business Innovation and Skills. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607691/bis-15-148-state-aid-manual-update.pdf)
* State Aid Law, European Regional Development Fund Guidance Note for Grant Recipients, ESIF-GN-1-006 Version 2, 7 January 2016. To access click [here](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705953/ESIF-GN-1-006_ERDF_State_Aid_Law_Guidance_v2.pdf)
* ERDF and ESF Branding and Publicity Requirements; 2014 to 2020 European Growth Programme; ESIF-GN-1-005, Version 7 Date published 25 July 2017. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/634288/ESIF_Branding_and_Publicity_Requirements.pdf)
* Cross-Cutting Themes Guidance for ESF (Sustainable Development and Equality); 2014 to 2020 European Growth Programme; Version 2 Published 17 May 2018. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592338/ESF_cross_cutting_themes_guidance__sustainable_development-and-equality.pdf).
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).