**SME BUSINESS GRANT SCHEME: Call Specification**

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| **Accountable Body** | Folkestone & Hythe District Council |
| **Fund** | European Regional Development Fund (ERDF) |
| **Priority Axis:** | European Regional Development FundPriority 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** | Call 8: SME Business Grant Scheme |
| **FCW Programme Fund Allocation** | £302,000 consisting of;- ERDF grant funding £151,000-Match funding from applicants £151,000 |
| **Call Opens** | 11 August 2020 |
| **Call Closes** | Stage 1 – Submission of Eligibility Questionnaire* **5pm Monday 4th January 2021**

Stage 2 – Submission of Full Application* **5pm Monday 4th January 2021**
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Grant applicants are advised to read the Folkestone Community Works Grant Manual that is available to download from [www.folkestonecommunityworks.com](http://www.folkestonecommunityworks.com)

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

The map below shows in red the eligible area for the programme funding. The red area is known as the CLLD area. If you are unsure if your business is in the eligible area at use the postcode checker at [www.folkestonecommunityworks.com](http://www.folkestonecommunityworks.com)



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 Folkestone CLLD Programme Strategy. The ESIF funding is made up of two funding streams European Social Fund (ESF) and European Regional Development Fund (ERDF). The funding available through the SME Business Grant Scheme is ERDF funding.

The Folkestone Community Works (FCW) 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 (ESF funding)**

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 (ERDF)**

Action 2.5: Promotion of SMEs and social enterprise

Action 2.6: Support for SMEs and business start-ups

Action 2.7: DIY Space /incubation facilities

**Objective 3 - Integrated delivery mechanism for the strategy (ERDF)**

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 small and medium enterprises (SME) that are located within the Folkestone CLLD area to support Objective 2 -Promoting local business and social enterprise.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 of the total project cost.
6. Do not include EU funds as match funding. For example, funds obtained from other ESIF programmes, such as SEBB, is not eligible as match funding;
7. Do not lead to a deterioration or loss of environmental assets or resource;
8. It is acceptable if the SME grant applicants complete the equality and sustainable development sections of the SME business Grant Scheme application form and show a commitment to these cross themes;
9. Have appropriate systems for meeting the monitoring requirements for ESIF funded grants.

SME’s who have or are receiving business support from the Folkestone Community Works business support service will be viewed favourably.For more information on the free FCW business support services contact Roy Laming, Social Enterprise & Business Advisor, r.laming@sekgroup.org.uk or phone 07974 524 983 |
| .***Programme Objective*** | **Objective 2: Promoting local business and social enterprise** |

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| ***Actions*** | 2.5 Promotion of SMEs and Social Enterprise and SMEs2.6: Support for SMEs and Business Start-ups |
| ***Aim of the grant funding*** | To support small and medium enterprises ‘to increase productivity and promote growth’ |
| ***Funding allocation*** | Capital Grants for plant, machinery and other equipment

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| **Total**  | **EDRF grant funding** | **Match funding supplied by applicants** |
| £302,000 | £151,000 | £151,000 |

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| ***Funding available per SME*** | Minimum ERDF grant £1,000Maximum ERDF grant £7,500 In exceptional circumstances larger grants may be available where the project will result in significant increases in the total number of FTE employees. |
| ***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 9; 29 November 2018. To access click [here](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662344/ERDF_Eligibility_Guidance_v7.pdf)The Standard Industrial Classification (SIC) code is used to define the sector a business is in. Further details are in C1 SME Business Grant manual. |
| ***Geographical******Scope*** | Proposed activity must be within the red line boundary of the Folkestone CLLD area shown in the map above.There is a postcode checker on our website. |
| ***Target Groups*** | * Small and medium businesses
* Social Enterprises
* New Start-ups

SMEs who have received a grant in prior calls **cannot** apply again. |
| ***What the grants be used for*** | The grant funding can be used for:* Plant, Machinery and other Equipment- tangible fixed assets used for the purpose of providing a service and/or equipment required to produce a product.

ERDF revenue grants are not available. |
| ***Outputs*** | The FCW programme has specific outputs it has to deliver.The SME business grants are required to contribute to one or more of the following outputs:* C1: Number of enterprises receiving support (a minimum of £2,000 of project costs claimed i.e. a minimum ERDF grant of £1,000 reimbursed)
* C5: Number of new enterprises supported (registered less than 1 year at time of signing the grant funding agreement)
* C8: Increased employment in supported enterprise (an increase in the number of Full-Time Equivalent (FTE) employees between signing the grant funding agreement and it’s the completion)

In addition, the grant funding should focus on and deliver support which will deliver the following:* New products to be developed
* New processes to be introduced or further developed
* Increased employment in supported enterprise (ERDF C8)
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1. **Project Match Funding Requirements**

There is a requirement for an SME to provide a minimum of 50% match funding of the total project cost. 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.

1. **Grant Application Process**

The grant application process comprises of:

**Stage 1: Completing the Eligibility Questionnaire and Full Application**

SMEs are required to complete an Eligibility Questionnaire (EQ) and the Full Application. The Eligibility Questionnaire and the Full Application have the same submission deadline.

These documents are available in electronic form from [www.folkestonecommunityworks](http://www.folkestonecommunityworks).com

If required, 1-2-1 support to complete these forms is available from the FCW Programme Manager who can be contacted via email – folkestonecommunityworks@folkestone-hythe.gov.uk

The completed EQ will be used to by the FCW Project Assessor to determine by the whether the SME has met the eligibility criteria for ERDF funding.

**The EQ form can be submitted before the Full Application.**

**The EQ form must be submitted by 5pm Monday 4th January 2021. Early submissions are welcome.**

### Please email the completed Eligibility Questionnaire to: folkestonecommunityworks@folkestone-hythe.gov.uk

**Completing the Full Application**

All applicants are required to submit a full application. If required, 1-2-1 support is available from the Folkestone CLLD Programme Manager who can be contacted via email - folkestonecommunityworks@folkestone-hythe.gov.uk

**The submission date for the Full Application is 5pm Monday 4th January 2021.**

After the submission of the Full Application the FCW 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.

Further details are in the C1. SME Business Grant Manual.

1. **Grant Application Assessment Process**

Grant applications will be assessed against the agreed criteria by the FCW Project Assessor 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 C1. SME Business 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.folkestonecommunityworks.com](http://www.folkestonecommunityworks.com)).

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. This is expected to be February 2021.

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. The Programme Management Team will meet with each applicant 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 recipient will be able to commence the project as specified in the Grant Funding Agreement.

Upon returning on the completed Grant Funding Agreement, details of the grant recipient 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 recipients will be required to utilise the electronic template call D2.4 SME Business Grant Claim Form provided by the Folkestone & Hythe District Council for all records, and to submit this along with the required evidence to support each financial claim. The project grant forms are available in electronic form and can be downloaded from [www.folkestonecommunityworks.com](http://www.folkestonecommunityworks.com)

The project can make submit more than one Grant Claim Form over the life time of the project.

However, each time the Grant Claim Form will need to be completed and the relevant evidence submitted. 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 recipient
* **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 recipient will be required to produce the following evidence of expenditure for each claim:

* A **detailed transaction report** from their financial system showing payment amount, date, recipient and payment reference.
* A **bank statement from the named account** 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:

* Current quotes (screenshots of quotes is acceptable – ensure suppliers name, web address is in the screen shot as well the cost of the items. Remember post and packaging costs)
* copy of purchase orders
* properly certified final invoices
* receipt of goods
* payment details (from finance system)
* remittance advice
* bank statements from the named account showing payment
* any other evidence of defrayal for expenditures related to the match funding and the grant

When **purchasing on-line**, you need to link the items purchased to the payment from the named bank account. Payments made from non-business credit/debit cards **will not** be accepted. Evidence should include:

* Screenshots of the confirmation order summary i.e., what is in the basket,
* Confirmation order has been placed i.e., receipt of items that have been purchased or copy of email confirming purchase,
* Add a description to the payment that will show up on your bank statement using the name of the item you are purchasing, if possible.
* **It is key you are able to relate the item(s) purchased to the transaction payment from the named bank account.**

For example if using eBay:

* screenshot the item you wish to purchase ensure this includes a picture with description, cost and web address,
* screenshot the checkout page ensuring your item is clearly seen together with the delivery address/business name,
* keep a copy of the transaction details receipt detailing the transaction in full.

The project holder will be required **to certify the evidence** submitted is a true copy of the original paperwork. You will be given an ink stamp. The grant recipient will retain the original paperwork until the end of the project when it will be handed over to the Programme Management Team.

The defrayal evidence submitted from each grant recipient will need to be collated by the grant recipient onto **a Grant Claim Form, signed by the grant recipient**.

Once the electronic claim has been submitted, it will be checked to ensure it has been completed in full. The expenditure will be checked against the Grant Funding Agreement and for eligibility by the Programme Management Team against bank statements from the named account, programme delivery records, budget profiles and is in accordance to ESIF requirements. All records will be retained by the Programme Management Team in accordance with ESIF requirements.

**A claim will only be processed for payment once the Programme Management Team are satisfied that all information is present, complete and compliant** with the terms and conditions of the Funding Agreement and National ESIF Eligibility Rules.

Once achieved and invoice will be requested. Instructions will be provided on what detail the invoice must contain.

On receiving the invoice from the grant recipient, the invoice will be sent for payment directly. Evidence of defrayal from Folkestone & Hythe District Council will be collected and used to support the Programme financial claims to the Managing Authority, MHCLG. 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.

**The deadline for submission of the final Project Grant Claim form is 30 June 2021.**

1. **Project Record Keeping**

All documentary evidence relating to any financial expenditure or procurement is required to be maintained and kept by the grant recipient, in accordance with guidance laid out in the Grant Funding Agreement and this will include the retention rules. The Folkestone Community Works programme has a Data Retention Policy.

**Each grant recipient will be responsible for maintaining the original documentation and transferring it to the Programme Management Team as specified in the Grant Funding Agreement**. For more information see the C1. Business Grant Manual.

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 recipient to provide this information to the Programme Management Team. This register, which will be maintained by the grant recipient and provided to the Programme Management Team as part of the Project Claim Form, will capture and show the following information:

* Asset name and description
* Serial or identification numbers
* Location of the asset (Incl OS grid reference)
* Purchase price
* Date of purchase
* Legal owner
* Method of depreciation
* Current value
* Useful economic life
* Salvage value
* Photograph in situ with serial or identification numbers
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

FCW Folkestone Community Works programme

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)