

INVEST IN NORTH LINCOLNSHIRE

North Lincolnshire – Business Capital Grant

Guidance Document and Eligible Activities and Investment Levels

Introduction

North Lincolnshire has been allocated funds through the UK Shared Prosperity Fund (UKSPF) as part of the Levelling Up agenda. The fund will target where there is a need to create and build pride in place, support the business sector, and increase life chances through personal development and training to access employment. The fund will invest in three investment priorities: communities and place, support for local businesses, and people and skills.

North Lincolnshire Council is aiming to support our local economy to access funding to help them adapt their business to deliver further growth the Scheme's prime objective is the creation of new jobs. Its aim is to help support businesses to grow the economy through new investment, support the expansion and diversification of existing businesses located in North Lincolnshire. We recognise that we are facing unprecedented economic challenges to businesses and the need to be able to invest in advanced equipment to remain competitive across a global landscape remains a fundamental pillar within our Economic Growth Plan vision.

The Business Capital Grant aims to provide financial assistance to businesses with the primary goal of supporting their investments in capital assets. Capital assets typically include long-term assets such as machinery and equipment, that are essential for business operations and growth.

The program is designed to help businesses futureproof their operations by facilitating the acquisition of key assets that contribute to increased productivity, efficiency, and competitiveness.

Eligible Businesses

- Businesses must be based within the North Lincolnshire region, with the proposed investment being made inside the region and be on the business rates register (NNDR).
- Businesses must have been trading for a minimum of 12 months and be able to produce a full year's annual accounts as evidence.
- Businesses must have a UK based bank account that is in the name (or trading name) of the entity applying for the funding.
- Businesses must not be considered an undertaking in difficulty (please see section below for reference).

Eligible Activities

Subject to UK Subsidy Allowance Rules (influenced by company size/status and location), investment from the Business Capital Grant can be used to contribute to one or more of the following activities:

This Capital grant can cover businesses investing in tangible and intangible assets, diversification of the output of an asset into new additional products, or a fundamental change in the overall production. This may include capital expenditure on the acquisition or creation of fixed assets.

Typical projects could be:

- *CNC Machines & Laser Cutters*
- *Spray Paint Equipment*
- *Industrial Printers and printing equipment*
- *Shot Blast units & Compressors*
- *Warehouse racking and Forklift trucks*
- *Drones & Specialist video equipment but not software*
- *Capital costs associated with building expansions, such as materials associated with new expansion or buildings (not acquisitions of new freehold or leasehold properties and/or refurbishment of existing land and buildings).*
 - *Should you require further support on eligible projects please contact businessinfo@northlincs.gov.uk for advice.*

If projects require planning permission, this must be in place prior to the submission of any grant application. Failure to adhere to planning legislation will result in applications being declined and, in some instances, funding being clawed back in full.

Improvements cannot be made to residential properties, even those with businesses registered at the address. Only properties which sit on the Business Rates register are eligible for funding.

It will be the responsibility of the Applicant to ensure that they are able to evidence the growth to North Lincolnshire Council following successful application and prior to being able to draw down any funding.

Any equipment purchased utilising the grant scheme must be retained by the business for no less than 24 months after the closure of the grant scheme (31st of March 2025). Any disposal of investments, without the prior written consent of North Lincolnshire Council, could result in part or all the grant funds being clawed back under the scheme.

Specific Ineligible activity

- Projects started prior to the awarding of funding will be deemed ineligible. For clarification, please refer to 'No Prior Start' within this guidance document.
- Investment in sectors included within the EC Sectoral Restrictions.
- The Business Capital Grant cannot be used to support undertakings or firms in difficulty.
- Applications for projects in the defence sector are ineligible for assistance.
- Projects by housing associations, charities, schools, or colleges
- Projects involving the manufacture of tobacco related products, companies involved in gambling activities, or those sectors deemed to cause potential reputational damage to the UK Government and/or North Lincolnshire Council.
- *Investments made into properties that sit outside of the NNDR list meaning improvements cannot be made to residential properties even if a business is based form there.*

Projects excluded from the funding would be:

- Purchase of land & buildings
- Refurbishment of Buildings
- Expenditure on the purchase of transport equipment (movable assets) and for the acquisition of road freight transport vehicles, such as vans, lorries, tractors & trailers
- Generic Office IT such as desktop computers, laptops etc.
- Costs associated with revenue expenditure (installation/consultancy/software)
- Replacing 'like for like' depreciated machinery.
- General running costs, staff costs, training, marketing, website development.
- Any statutory or legislative obligations, duties, or requirements

Investment Levels

All investments must have been made (left the applicants bank account) no later than the **17th of January 2025**. Investment amounts are exclusive of VAT, VAT is not claimable as part of the overall project.

North Lincolnshire Council is running two Capital grant schemes (under one application form and businesses cannot apply twice) with the specific details highlighted below on the maximum and minimum grant amount and the potential intervention rate:

Programme Name	Minimum Amount	Maximum Amount	Intervention Rate	Eligible Businesses
Small and Micro Business Capital Grant	£500	£5,000	40%	Small and Micro Business Only*
Open to All Sized Businesses Capital Grant	£5,001	£50,000	30%	Open to All Businesses

**To be classed as a Small or Micro business you must have less than 50 employees, turnover not exceeding £8.6 million per annum and a balance sheet not exceeding £8.6 million. Please note this is taken at group level for companies that are part of a group structure. For clarification, please contact businessinfo@northlincs.gov.uk.*

Application Process

All applications must be made utilising the online portal on the Invest in North Lincolnshire Website. No applications will be considered outside of this portal.

Before applying, please note that the application stage is a competitive process, with North Lincolnshire Council unlikely to have sufficient funding to support all applications. Therefore, it is the responsibility of the applicant to ensure that they provide as much information as possible to enable the decision-making panel to be fully informed on potential benefits of your project.

Please Note – those who are successful will be required to pay for the project and then claim back upon evidence of defrayment. North Lincolnshire Council will not pay in advance for any project under any circumstance.

Applicants will be required to ensure they provide the following evidence as part of their application process, failure to do so could result in delays and/or applications being declined by North Lincolnshire Council:

- Completed Application Form (this will be an electronic form hosted on Invest In North Lincolnshire Website)
- Three Years of Full Audited Accounts to include Profit & Loss, Balance Sheet & Associated notes (if a business cannot provide this then the business must provide two year forecasted P&L and cashflow if you have not been trading for more than 3 years')
 - Please note – failure to submit adequate accounting information may result in businesses being deemed ineligible/not proceeding beyond due diligence stage. If you are unsure on what is required, please contact businessinfo@northlincs.gov.uk for advice.
- Copy of Quote from Supplier (you will need to supply 3 quotes for all investments which exceeds £2,500).
- Copy of Business Bank Statement to ensure compliance with regulations. (This must show bank account name, sort-code, account number – applicants can redact any further information).
- Evidence of payroll at the point of application (BACS payroll run, HR List print off etc.) and this must match the information provided on the application form.
- If the business is not a limited company than evidence of their Unique Tax Reference details.
- Ownership Structure Chart if the company is part of a larger group (If applicable)
- Credit Agreements for any financing solutions being utilised (if applicable)

If you are unsure about and of the information that is required, please do not hesitate to contact the team via businessinfo@northlincs.gov.uk for further clarification.

Job Creation

Applicants are asked within the application form to state the number of jobs being created as a result of the project, where job creation is applicable. These figures will not only be utilised for assessment purposes but become a mandated outcome of the project. Therefore, the applicant is agreeing to achieve the output as part of the funding.

Please note – when submitting your proposed number of job creations, this is based on Full Time Equivalent [30 hours per week]. Businesses may combine two part time roles to equate to 30 hours per week. If you have any questions in relation to the proposal, please contact businessinfo@northlincs.gov.uk for clarification.

Failure to achieve all your contracted obligations could result in part of or all your funding being clawed back.

Job creations must be a permanent position within the business and based within North Lincolnshire throughout the monitoring period.

Support for Businesses to Apply for Grants

North Lincolnshire Council is committed to enabling our businesses to access the support and guidance to enable them to understand the grant process and submit a robust application to enable them the best chance to be successful in obtaining funding to de-leverage investment. Following feedback from previous grants, North Lincolnshire Council is offering the following support to businesses:

Business Surgery Events:

North Lincolnshire Council will be hosting four business surgery events to enable businesses to meet our dedicated team who can support you in understanding the grants and to apply for the grants. These will be held on the following dates with the option to book appointments direct with an advisor or drop in¹ to discuss:

- Tuesday 23rd of April – appointments available between 10am-4pm – Held at Scunthorpe Central Library, Scunthorpe
- Thursday 25th of April - appointments available between 10am-4pm – Held at The Ropewalk , Barton
- Wednesday 1st of May – appointments available between 10-4pm – Held at The Angel, Brigg
- Tuesday 7th of May – appointments available between 10-3pm – Held at Crowle Community Hub, Crowle (Venue closed between 12:30 & 1:30)

Webinar Provision

North Lincolnshire Council will upload a pre-recorded webinar which can be hosted on the Invest In North Lincolnshire website <https://investinnorthlincolnshire.com/> to offer support to those businesses unable to access the 1-2-1 provision.

The webinars will cover off what is required for the application forms and run through examples of the type of information required to be submitted to give any application the best possibility of scoring highly through the panel process.

Bookable Appointments with Advisors

North Lincolnshire Council continue to offer bespoke, 1-2-1 business advisory sessions covering growth aspirations for our local businesses. If you are unable to attend one of the above business surgeries and have further questions following the webinars, please contact the below to arrange a 1-2-1 session with one of our advisors:

- Businessinfo@northlincs.gov.uk or call 01724 297330.

Please Note – we cannot guarantee an appointment and availability of advisors is subject to demand.

Approval Process

North Lincolnshire Council will follow the below approval programme:

- Application Window to open 19th of April 2024
- Application Window to close Friday 17th of May 2024 at 1pm.

¹ Please note – without booking an appointment there may be a waiting period. We cannot guarantee that without an appointment you will be seen straight away and/or on the day if demand is high.

- No Applications will be accepted after this time.
- Due Diligence and Assessment will be undertaken between Monday 20th of May 2024 and Friday 7th of June 2024
- Decision Panel and Award Offers will be made before the end of June 2024.
 - N.B. – These dates are subject to change depending on the volume of applications.

All applications will undergo a due diligence check and will be submitted to a panel for decision. Applicants will be scored based on job outcomes and skill level, project output and deliverability, alignment to North Lincolnshire Council's Economic Plan and perceived economic advantage the intervention would support.

Upon awarding of grant funding, businesses will have 7 working days to sign and return their offer letter to North Lincolnshire Council once the final offer letter has been issued. Failure to return the offer letter within this time could result in the offer of funding being withdrawn.

All offer letters must be signed by authorised signatory from the business (e.g. director).

Successful applicants, upon acceptance of the offer letter, will then have a meeting with a member of the team to discuss the process for claims and monitoring of the grants.

Grant Claim Process

Before Applicants can claim any grant funding, they must be able to evidence they have paid for the goods/services they have been awarded under their offer letter. To be able to claim, applicants must be willing and able to provide the following evidence:

- *Completed Claim Form (this will be sent following receipt a signed offer letter to each applicant).*
- *Completed BACS Payment Form (this will be sent following receipt a signed offer letter to each applicant).*
- *Bank Statement showing the evidence of payment (if you are utilising a financing method such as asset finance then a signed agreement and confirmation from your bank that this funding has been drawn down)*
- *Copy of the invoice relating to the payment.*
- *Where applicable, photo evidence of any asset or system.*

Businesses will be able to claim once a quarter and therefore it is vital that businesses claim during the allotted windows. North Lincolnshire Council will inform businesses that the claim window is open via e-mail. The claim window period will last a total of 3 weeks to allow applicants to ensure they have all the appropriate evidence. Windows will open on:

- *1st of July 2024*
- *1st of October 2024*
- *2nd of January 2025 – Final Claimable Payments to be made by the 17th of January 2025*

The minimum amount that can be claimed during any funding window will be £500 of grant funding. If you have any question, please contact businessinfo@northlincs.gov.uk.

Support will be available, if required, to complete any claim form but this will be subject to availability. Failure to submit a claim during the claim window will mean any claims will have

to be made in the next claim window. If you fail to claim during the programme period (17th of January 2025), you may lose any grant monies awarded as a result.

Monitoring Process

To comply with the grant conditions, business will be required to adhere to the monitoring procedures set out within the document. This can be subject to change, and any change will be notified to successful applicants in writing.

Applicants must retain all evidence associated with their claims up to 31st of March 2027. Failure to adhere to this could result in part of/or all of your funding being clawed back.

Applicants must retain the below listed evidence in relation to their outputs during the period and provide them during the monitoring period:

- Job Description for new jobs created.
- Job Advert for new jobs created.
- Provide 6 monthly BACS reports, if requested, to highlight the jobs being created.
- Evidence of improvement/reduction in energy consumption (if requested).

UK Subsidy Control Regime Regulations

The UK subsidy control regime began on 4 January 2023. It enables public authorities, including devolved administrations and local authorities, to give subsidies that are tailored to their local needs, and that drive economic growth while minimising distortion to UK competition and protecting our international obligations.

A subsidy is where a public authority provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. This could include, for example, a cash payment, a loan with interest below the market rate or the free use of equipment or office space.

Subsidies should be given in the public interest, to address a market failure or equity concern. For example, a subsidy could incentivise businesses to do research and development that increases economic productivity and wider prosperity, to increase the use of low-carbon technology, or to extend access to cultural or educational amenities.

Public authorities must first establish whether the support (known in the Act as 'financial assistance') falls into the category of subsidy. As the proposed grant is financial assistance given directly from public resources by a public authority the proposed grants would therefore be considered subsidy.

The value of the proposed grants is such that those applicants applying are expected to fall into the financial subsidy exemption of Minimum Financial Assistance. **Minimal financial assistance (MFA)** allows public authorities to award low-value subsidies (up to £315,000) without the need to comply with most of the subsidy control requirements.

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 subsidies over £100,000 are also subject to the transparency rules described in Step 6.

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.

All applicants will be required to inform North Lincolnshire Council of any/all financial assistance they have received in the last 3 financial years (FY21/22 & FY22/23, FY23/24). This **will** need to include any grant support received during the COVID-19 pandemic and associated business financial support.

If any applicant has received above £315,000 of grant support in the last three financial years, their application will need to be assessed against the 7 principles of subsidy control. Having exceeded £315,000 will not disqualify any applicant from applying for &/or receiving grant support but the business may be requested to provide additional information.

Failure to declare previous financial aid will be considered an event of default in relation to any offer/payment of support and an applicant may be required to pay back part or all of the funding they have received.

Incentive effect

It is a requirement of UK Subsidy Allowance rules that the UKSPF Business Sustainability Grant may only be awarded when it produces an incentive effect. The Scheme is considered to have an incentive effect if it enables the beneficiary to carry out activities or projects which would not have been carried out as such in the absence of the aid.

The Support Fund may only be awarded if it has an incentive effect. It shall be considered to have an incentive effect if, before work on the project has begun, the Programme has verified that documentation prepared by the beneficiary establishes one or more of the following criteria:

- Material increase in the size of the project due to the aid.
- A material increase in the scope of the project due to the aid.
- A material increase in the total amount spent by the beneficiary on the project due to the aid.
- A material increase in the speed of completion of the project concerned; or
- That the project would not have been carried out in the North Lincolnshire area in the absence of the aid.

Additionality

The applicant must be able to demonstrate convincingly that without UKSPF Capital Grant assistance the project would not be undertaken or with reference to the scale, timing, or

location any payment to an applicant will impact the applicant's Project such that one or more of the following will apply:

- A material increases in the size of the project/activity due to the provision of State Funds.
- A material increases in the scope of the project/activity due to the provision of State Funds.
- A material increases in the total amount spent by the beneficiary on the project/activity due to the provision of State Funds.
- A material increases in the speed of completion of the project/activity concerned.
- As regards regional aid, that the project would not have been carried out as such in the location concerned in the absence of the State Funds

Viability

The company undertaking the investment project must be viable and the project must have a good chance of being self-sustaining by the completion of the investment. The funding cannot be used to support companies that are in difficulty.

No prior start

If work on a project has started, then it is ineligible for financial support. An application for investment must be submitted and an offer made before work on the project is started.

"Start of work" means either the start of construction work or the first legally binding commitment to order equipment (this includes paying any deposit for goods or services), excluding preliminary feasibility studies, whichever is earlier.

Publicity Requirements

When requested, the Grant Recipient shall install and maintain at each location where the Project is based or operates such explanatory plaques, billboards or other promotional material indicating the involvement of the Business Sustainability Grant.

No party shall make or permit any of its employees, agents or advisors to make any press or any public announcement or divulge or communicate to any person, any of the terms of this Funding Agreement without the approval of North Lincolnshire Council.

The Grant Recipient agrees to North Lincolnshire Council & the Department for Levelling Up publishing information including the Grant Recipient's name, address and amounts of grant funding in their respective official publications and websites.

As part of the funding, those successful applicants will be required to pledge under North Lincolnshire Council's Green Future's plan.

Provisions relating to fixed assets and major assets

Inventory of the Fixed Assets and Major Assets

Where the project involves the purchase of major or fixed assets, the Grant Recipient must establish and maintain an inventory of all of the grant funded Assets. For each of the Assets the inventory must show the following particulars:

- date of acquisition;

- description of each Asset;
- price paid net of recoverable VAT;
- location of the Asset;
- serial or identification numbers;
- location of the title deeds (where relevant);
- date and proceeds (net of VAT) of any Disposal; and
- the name and address of any person to whom a Disposal is made.

This can be a Project Specific Asset Register or identified on the company's Corporate Asset Register. "Major Asset" means an Asset which is not a Fixed Asset but has a value as at the date of this Funding Agreement (or date of acquisition if the acquisition is funded by this Grant) of at least £2,000.00 or £1,000 for IT equipment. "Fixed Asset" means any asset that consists of land and/or buildings, plant, machinery or other thing that is, or is to be, fixed to any land and which is to be acquired, developed, enhanced, constructed and/or installed as part of the Project.

Disposals of the Assets

The Grant Recipient must not dispose of any interest in any Asset without the prior written consent of the Board for the period of two years from the end of the programme (March 2027). If the Board agrees consent to the Disposal, such consent may be subject to satisfaction of certain preconditions.

All Disposals must be for a consideration which is the best that can reasonably be obtained in the open market, on an arms length basis, on normal market terms, at the time of such Disposal.

Where the Grant Recipient disposes of any interest in any Asset without the prior written consent of the Board, then the proceeds of the Disposal (limited to the total amount paid by the Board to the Grant Recipient under this Funding Agreement) shall be immediately payable to the Board and may be recovered as a contractual debt if not paid within 20 Working Days of the date on which the proceeds of the Disposal are received.

Events of default and rights reserved for breach of the funding agreement.

Events of Default

An Event of Default is the occurrence, in the absolute discretion of the Board, of any of the following:

- a) the Grant Recipient fails to comply with any of the Standard Conditions or the Project Specific Conditions;
- b) the Project Activities are not commenced by the date which is 3 months after the Start Date;
- c) Completion of the Project Activities has not been achieved by the Anticipated Completion Date;

- d) a Material Change is made to the Project without the prior written approval of the Authority;
- e) the Grant Recipient Disposes of any Asset purchased through the Grant monies without the prior written consent of the Authority;
- f) the Grant Recipient no longer has the financial resource to carry out and complete the Project;
- g) a lack of progress towards achieving the Targets provides reasonable grounds for the Authority to question the future benefits to be derived from the Project or to doubt whether the Project will be (or will continue to be) effective or good value for money;
- h) the Commission or the European Court of Justice or the European Court of First Instance requires any Grant paid to be recovered by reason of a breach of state aid legislation;
- i) any financial irregularities are identified in connection with the Project (and the Grant Recipient acknowledges that it is the duty of the Authority to report financial irregularities to the Department for Communities and Local Government and Department for Business Energy and Industrial Strategy), or the Commission otherwise requires the Authority to recover any of Grant paid under the Funding Agreement;
- j) any information given or representation made in the Application or in any correspondence, report or other document submitted to the Authority under this Funding Agreement is found to be incorrect or incomplete to an extent which the Authority considers to be material;
- k) any report or certificate made by the Grant Recipient's auditor or reporting accountant is unsatisfactory (where, for example, the report or certificate refers to a fundamental uncertainty or disagreement, or contains a material qualification, or states that the auditor or accountant is unable to form an opinion about any item, or reports that any amount is not correctly stated in the accounts or records examined);
- l) there is any fraud or any other illegal activity on the part of the Grant Recipient;
- m) there is a Material Change in the Ownership, Control and Nature of Business of the Grant Recipient within the period beginning on the date of this document and ending three years after the final job output has been achieved;
- n) the Grant Recipient is, or is adjudicated or found to be, insolvent or stops or suspends payment of its debts or is (or is deemed to be) unable to or admits inability to pay its debts as they fall due or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or proceedings are commenced in relation to the Grant Recipient under any law regulation or procedure relating to reconstruction or adjustment of debts;
- o) the Grant Recipient is in Material Breach of this Agreement, other than as listed above.

Where an Event of Default has occurred the Authority may by written notice to the Grant Recipient take any one or more of the following steps:

- suspend the payment of Grant for such period as the Authority shall determine;
- vary the maximum sum in which case the payment of Grant shall thereafter be made in accordance with the variation notified to the Grant Recipient; or
- cease to make payments of Grant to the Grant Recipient under this Funding Agreement and (in addition) require the Grant Recipient to repay to the Authority the whole or any part of the amount of Grant previously paid to the Grant Recipient.

Good Faith and Cooperation

The Grant Recipient covenants with the Authority that:

- it shall at all times act with the utmost good faith towards the Authority and will at all times co-operate with the Authority;
- it will comply with all the Authority's reasonable requirements in relation to the Project from time to time; and
- it will not do anything which will put the Authority in breach of any of its obligations in relation to the UK SPF programme.