

INVEST IN NORTH LINCOLNSHIRE

North Lincolnshire – Business ICT Growth Grant

Guidance Document and Eligible Activities and Investment Levels

Introduction

Since March 2020, North Lincolnshire Council has been working with the Government to support businesses following the Covid-19 pandemic outbreak. This support has been designed to assist businesses during enforced closures and restrictions, significantly impacting on businesses ability to trade, with the focus on safeguarding employment within the region. As the region continues to work towards coming out of the pandemic, the Government and North Lincolnshire Council, recognises the need to support businesses to ensure they are more robust in the face of both economic and global challenges including changes in consumer behaviour. As a result it has become evident the need for businesses to increase capabilities utilising digital technologies. The proposed grant will seek to de-risk investments made by businesses which will seek to improve their online footprint and/or ICT capabilities to improve consumer experience.

The funding will be available to support with investment into software, hardware, marketing campaigns, payment acceptance and access to superfast broadband. The project will also give applicants access to the North Lincolnshire Growth Hub team who are available to give impartial advice to businesses at no cost, whether supporting with ICT related concerns or wider business concerns. This support will be available during and after the project as the authority recognises the need to continue to support businesses post the COVID-19 pandemic to ensure growth and the creation of new opportunities for the economy and local residents.

Eligible Businesses

Businesses must be based within the North Lincolnshire region, with the proposed investment being made inside the region.

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 Sustainability Grant can be used to contribute to one or more of the following activities:

- Hardware – excluding standard laptops/PC's unless linked to a larger aspect of the project such as software requirements.
- Superfast Connection – cover the cost of installing any connection equipment, infrastructure and the first year's rental costs associated with becoming connected. (Evidence for first year rental costs will be paid in advance against a contract being signed)
- Software
- E-commerce equipment
- Digital Marketing – google ad words campaigns, consultant costs looking at digital platforms etc.

Typical projects could be:

- Installation of a new Customer Record System to manage stock levels, engagement etc.
- Purchase of new CAD equipment to improve project delivery
- Upgrade to broadband infrastructure and first years line rental to give business access to enhanced capabilities
- Brand new website for businesses including EPOS systems and use of digital marketing tools.

If infrastructure/broadband 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.

Infrastructure improvements (i.e. broadband connections) 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 in relation to infrastructure/broadband projects.

It will be the responsibility of the Applicant to ensure that they are able to evidence the improvement to broadband speeds or ICT capabilities 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 12 months after the closure of the grant scheme (31st of August 2022). Any disposal of investments without the prior written consent of North Lincolnshire Council could result in part or all of the grant funds being clawed back under the scheme.

Specific Ineligible activity

- Investment in sectors included within the EC Sectoral Restrictions
- Expenditure on the purchase of transport equipment (movable assets) and for the acquisition of road freight transport vehicles
- The Business Sustainability Grant cannot be used to support undertakings or firms in difficulty
- Applications involving hospital or medical services and residential care are ineligible for assistance
- Applications from religious organisations
- Applications for projects in the defence sector are ineligible for assistance.
- Projects by schools or colleges
- Projects involving the manufacture of tobacco related products.

Investment Levels

The minimum grant level that can be applied for is £1,000. The maximum grant level is £5,000.

All investments must have been made (left the applicants bank account) no later than the **18th of March 2022**. Investment amounts are exclusive of VAT, VAT is not claimable as part of the overall project. Projects must be completed by no later than the 31st of August 2022, failure to complete project in timescales could result in clawback of part or all the funding.

The investment ratio that will be considered as part of the appraisal process and is governed by UK Subsidy Allowance Rules which may require a higher contribution by applicants to ensure compliance. Please see table below for examples of eligibility in relation to intervention rates permissible depending on the size of the business:

Category	Headcount*	Turnover*	Or	Balance Sheet Total*	Maximum Intervention Rate Permissible
Large	Over 250	In Excess of £43.5 million per annum		In excess of £37 Million	50%
Medium	Fewer than 250	Not exceeding £43.5mil		Not exceeding £37 mil	70%
Small	Fewer than 50	Not exceeding £8.6mil		Not exceeding £8.6mil	85%
Micro	Fewer than 10	Not exceeding £1.7 mil		Not exceeding £1.7 mil	100%

****This figure will include any and all associated group companies. If you are unsure, please contact a member of the team to discuss.***

The Investment made by the fund must be maintained in the region for a period of up to 5 years (up to 3 years for SMEs) after its completion.

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.

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:

- Active Bank Account – business to provide a bank statement showing transactions going through and in the name of the applicant
- Evidence of 12 months trading
- Evidence of staff numbers – payroll BACS file or similar evidence (December 2021)

All applicants will be notified of successful receipt of application and assigned a dedicated account handler. No application decisions will be made before the 7th of February 2022. The total funding pot will be set at £150,000 for the overall scheme with applications assessed on the basis of submission dates. Once the funding pot is allocated no further applications will be accepted. North Lincolnshire Council can withdraw the scheme, without prior notification to applicants or potential applicants, at its own discretion.

Businesses (and associated group companies) are only allowed to submit one application for the scheme. Multiple applications will not be considered. North Lincolnshire Council holds the right to use the first application submitted and does not need to consider secondary applications.

Claim Process

Applicants will be required to submit a single grant claim if awarded funding no later than the 18th of March 2022.

As part of the evidence submitted applicants must include:

- Signed Grant Claim Form
- Invoices for products and services being claimed
- Bank Statement clearly showing the invoice payments



Businesses are not allowed to utilise related businesses to undertake any of the work being claimed for. This includes, but is not limited to, associated companies, companies owned and operated by close family members, companies that employ applicant and/or family members unless the applicant can evidence they have complied with the most economically advantageous tender policy. For further information please speak to your dedicated account handler.

Once successfully submitted and verified, all claims will be paid within 7-10 working days. No claim can be paid **after** 31st of March 2022. It is the applicant's responsibility to ensure all submissions are accurate, North Lincolnshire Council holds no responsibility for unclaimed funds beyond the specified dates within the guidance. Grant claims must be submitted no later than 18th of March to enable the authority to undertake the required checks and get the funds into the payment system.

European Aid/UK Subsidy Allowance Rules

The European Aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020, however the United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. On Thursday 4 March 2021 new subsidy allowances were established for the COVID-19 business grants schemes, based on the principles set out in Article 3.4 of the TCA.

From Thursday 4 March 2021 the updated provisions must apply.

The below scheme rules will be applied to applicants at the level of economic actor, which is defined as an entity or a group of entities constituting 17 a single economic entity regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market.

Grants may be paid in accordance with Article 3.2(4) of the TCA, which enables an applicant to receive up to a maximum level of subsidy without engaging Chapter 3 of the TCA. This allowance is 325,000 Special Drawing Rights, to a single economic actor over any period of three fiscal years, which is the equivalent of £335,000 as at 2 March 2021. An applicant may elect not to receive grants under the Small Amounts of Financial Assistance Allowance and instead receive grants only using the below allowances available under this scheme.

Where the Small Amounts of Financial Assistance Allowance has been reached, grants may be paid in compliance with the Principles set out in Article 3.4 of the TCA and in compliance with Article 3.2(3) of the TCA under the COVID-19 Business Grant Allowance (subsidies granted on a temporary basis to respond to a national or global economic emergency). For the purposes of these scheme rules, this allowance is £1,600,000 per single economic actor.

This allowance includes any grants previously received under the COVID-19 business grant schemes and any State Aid previously received under Section 3.1 of the European Commission's Temporary Framework across any other UK scheme. This may be combined with the Small Amounts of Financial Assistance Allowance to equal £1,935,000 (subject to the

exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator).

Where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding under these scheme rules of up to £9,000,000 per single economic actor, provided the following conditions are met:

- A. The Special Allowance covers only the applicant's uncovered fixed costs incurred during the period between 1 March 2020 and 31 March 2022, including such costs incurred in any part of that period ('eligible period').
- B. Applicants must demonstrate a decline in turnover during the eligible period of at least 30% compared to the same period in 2019. The calculation of losses will be based on audited accounts or official statutory accounts filed at Companies House, or approved accounts submitted to HMRC which includes information on the applicant's profit and loss.
- C. 'Uncovered fixed costs' means fixed costs not otherwise covered by profit, insurance or other subsidies.
- D. The grant payment must not exceed 70% of the applicant's uncovered fixed costs, except for micro and small enterprises (for the purposes of this scheme defined as less than 50 employees and less than £9,000,000 of annual turnover and/or annual balance sheet), where the grant payment must not exceed 90% of the uncovered fixed costs.
- E. Grant payments under this allowance must not exceed £9,000,000 per single economic actor. This allowance includes any grants previously received in accordance with Section 3.12 of the European Commission's Temporary Framework; all figures used must be gross, that is, before any deduction of tax or other charge.
- F. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.

An applicant must be able to provide the necessary documentation to demonstrate it is eligible for funding under this COVID-19 Business Grant Special Allowance.

Grants provided more than the Small Amounts of Financial Assistance Allowance may not be granted to applicants that were defined as an 'undertaking in difficulty' on 31 December 2019.

In derogation to the above, grants can be granted to micro or small enterprises (as defined above) that were already in difficulty on 31 December 2019 if they are not subject to collective insolvency proceedings.

It is the responsibility of the applicant to ensure North Lincolnshire Council is aware of any previous funding that has been received under any of the above exemptions. If an applicant is unsure, they must contact the grant provider to seek clarification and provide this evidence to North Lincolnshire Council.



North Lincolnshire Council does not hold responsibility for the evidence submitted and should an event occur where the applicant has breached state aid regulations then they will be held responsible and be required to repay part or all of the grant awarded to them.

Incentive effect

It is a requirement of UK Subsidy Allowance rules that the Covid-19 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 Board 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 increases in the total amount spent by the beneficiary on the project due to the aid.
- A material increases 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 Covid-19 Business Sustainability 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.

North Lincolnshire Council



Department for
Business, Energy
& Industrial Strategy

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, 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 Business, Energy & Industrial Strategy publishing information including the Grant Recipient’s name, address and amounts of grant funding in their respective official publications and websites.