

INVEST IN NORTH LINCOLNSHIRE

North Lincolnshire – UKSPF Energy Audit Voucher Scheme

Grant Guidance Document, 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.

The purpose of the Energy Audit Voucher (EAV) is to provide a voucher based grant to help businesses address specific, immediate priorities in direct response to the rapid rise in energy costs, and to develop an understanding of energy usage within their business infrastructure to enable actions to be taken to reduce energy use, optimise energy sources, and optimise business operations to become more efficient, sustainable and conscious of their carbon footprint. The EAV provides a voucher to enable a business to access a consultant who will conduct an audit of current energy usage and will provide recommendations on how to reduce energy use where appropriate. The grant cannot be used towards the cost of implement any capital energy saving measures such as solar panels.

Eligible Businesses

- Projects 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).
- Businesses within the Manufacturing and Engineering, Digital, Transport and Logistics, Construction and Energy & Chemicals sector. Considerations may be taken for sectors outside of this scope.

Eligible Activities

Examples of the types of projects applicants can use the Energy Audit Voucher to support include:

- Engage an expert to undertake an Energy Audit of business premises, manufacturing practices and business operations to obtain a baseline of current energy use and carbon footprint.
- Engage an expert to provide a report of recommendations and actions that could be undertaken by the company to reduce energy consumption or to switch to more economical means of powering the business and its operations.
- The reporting may also include recommendations to undertake adaptation of the business premises to reduce heat and energy loss (e.g. energy efficient lighting, insulation, double glazing etc).
- The reporting may also include recommendations on alternative energy sources (e.g. energy provision) and alternative energy sources that are more sustainable (e.g. solar PV, ground source heat pumps, wind power, biofuels etc)

Specific Ineligible activity

Activities deemed ineligible for support include:

- Investment in sectors outlined in the EC Sectoral Restrictions.
- The voucher cannot be utilised to assist undertakings or firms facing financial difficulty.
- Applications for projects within the defence sector are not eligible for assistance.
- Projects initiated by schools, colleges, charities, housing associations, and voluntary groups are ineligible.
- 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

Investment Levels

All Energy Audits must have been completed no later than the **18th of March 2024**.

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
Micro/small business	Fewer than 50	Not exceeding £8.6mil		Not exceeding £8.6 mil	100%

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

General Principles

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:

- One year of Full Audited Accounts to include Profit & Loss, Balance Sheet & Associated notes
- Copy of Bank Statement to ensure compliance with regulations.
- If the business is not a limited company than evidence of their Unique Tax Reference details.
- State Aid declaration

Awarding of the grant does not guarantee permission and this is subject to the existing legal framework.

The grants will be delivered strictly in the order in which we receive them, starting at **10am on the 17th November 2023** and be open until the funds are fully allocated.

Approval Process

Subject to volume of applications North Lincolnshire Council intends to undertake the below process in regards reviewing and assessing those Expressions of Interest that come forward.

- Full application form completed online and submitted along with any supporting documents.

- Due diligence undertaken.
- Full application will be sent for approval.

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 (FY20/21, FY21/22 & FY22/23).

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, there 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 Energy Audit Voucher 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 Energy Audit Voucher 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:

- That the project would not have been carried out in the North Lincolnshire area in the absence of the aid.
- It has led the business to gain further knowledge of how to reduce their carbon footprint and become more sustainable

Additionally

The applicant must be able to demonstrate convincingly that without the Energy Audit Voucher 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 increase in the size of the project/activity due to the provision of State Funds.
- A material increase in the scope of the project/activity due to the provision of State Funds.
- A material increase in the total amount spent by the beneficiary on the project/activity due to the provision of State Funds.
- A material increase 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 that the no Energy Audits have begun prior to the application

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 Energy Audit Voucher.

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.

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 no longer has the financial resource to carry out and complete the Project;
- f) 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;
- g) 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;
- h) 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;

i) 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;

j) 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);

k) 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;

m) 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;

m) the Grant Recipient is in Material Breach of this Agreement, other than as listed above.

Rights reserved for the Authority in relation to an Event of Default

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.