

BLACK COUNTRY AIM For GOLD BUSINESS GROWTH PROGRAMME

PRACTICE NOTE 03: KEY POINTS AND PROGRAMME CRITERIA – SUMMARY FOR INTERMEDIARIES AND ASSOCIATES.

- 1 **Location** – Business must be located in the following local authorities areas in the Black Country. Sandwell, Dudley, Walsall and Wolverhampton.
- 2 **Business must be a small to medium sized enterprise (SME).**
- 3 **Relocating to the Black Country LEP area** - If a business is relocating, must pay or be paying business rates to one of the local authorities in the Black Country LEP area.
- 4 **Businesses in Difficulties** – ERDF rules require businesses to pass the “Undertakings in Difficulty Test” that is undertaken by the Programme before they can be eligible to apply for a grant.
- 5 **State Aid** – The State Aid measure under which AIM For GOLD operates is De Minimis. To apply for De Minimis, the business must have received less than the Sterling equivalent of €200,000 State Aid assistance over a 3 year period (De Minimis State Aid for the current and previous 2 financial years).
- 6 **Trading Status** – Businesses can qualify to receive up to 18 hours of support. However, to qualify for grant support a minimum of 80% of the turnover must be generated by business-to-business activity, with business-to-consumer/retail business accounting for no more than 20% of turnover.
- 7 **Business Activity** – Must be eligible activity. A full list of eligible and ineligible business activities is available from the AIM for GOLD Team.
- 8 **Assistance Available** – ERDF grant contribution of between £1,000 - £50,000 towards project costs. However, this could be restricted to a maximum of £15,000 for those trading those trading between 23 months to 33 months. The aim of the grant is to provide flexible capital and/or revenue financial assistance designed to assist businesses to implement growth plans, business development, investment and growth projects and to create jobs.
- 9 **Business Match funding** – the business must provide match funding of 70% for capital and 50% for revenue. The match funding must be in place at the time of submitting a grant application.
- 10 **Sources of Match funding** –. The source of the match funding cannot be from other Public Funds. Loans, overdrafts, savings or company funds are considered to be eligible cash match, and these must be secured and in place prior to approval of an AIM For GOLD grant.
- 11 **Hire Purchase or similar financial products** - Hire Purchase or similar financial products involving a financial arrangement whereby an item is paid for in instalments, cannot be used as match funding as this does not provide full evidence of defrayed expenditure. Defrayed expenditure means an invoice for payment can be linked to a BACS ran where applicable, and this can then be linked to a transaction on the grant applicant’s bank statement.

Please note that interest charges or other charges such as service charges and buy asset payments are not eligible for ERDF support.

Hire Purchase or similar financial products may be acceptable if full payment can be made in six monthly instalments in a maximum of 180 days.

12 **Measuring Business Growth** – businesses applying for grants to implement growth plans must show demonstrable growth in their growth plans and grant applications. Their key indicators are:

- Turnover
- Market share
- Profits
- Sales
- Staff numbers
- R&D, new products / processes

13 **Growth and Jobs** - the growth of the business and the creation of at least 1 full-time equivalent job (core job) for every £10,000 of grant awarded appointed within 12 months from the date of acceptance of the Funding Agreement. Other additional jobs that are created during the AIM for GOLD Programme Period, i.e. up to 31/03/22 will be counted as supplementary jobs. The focus is on higher skilled and/or higher paid jobs.

14 **Completing delivery of grant funded projects** – applicants must be able to financially complete their projects within 90 days. *(For high value or, more complex projects, project timescales are subject to negotiation, but any event must be completed within 120 days.)*

15 **Eligible Costs**

Capital Projects

Investment of £5,000 or more in technology or processes that facilitate growth and create jobs.

- Plant and machinery
- Other equipment
- ICT infrastructure and/ or equipment
- Diversification of output of an establishment into new additional products / services
- A fundamental change to overall production process of an existing refurbishment
- Building Information Modelling (BIM)
- Relocation/expansion – relocation costs, internal refurbishment of current or new/ additional premises (only where this is part of the growth plan)

Revenue Projects

Specialist consultancy, projects and/or support related to:

Improving Leadership and management capacity

- Consultancy, coaching and mentoring;

Increasing sales

- Consultancy/design of a new website;
- Website search engine optimisation;
- Business strategy to improve sales and commercial performance;
- Company branding, logo design and marketing collateral, including brochures, leaflets, etc.
- Market research and data management, including purchase of CRM database;
- Fit-out costs for vehicles and showrooms of less than £5,000 to increase sales potential and product range.

Improving productivity and profitability

- New software (or hardware under £5,000) to speed up productivity and performance, e.g. CRM systems and accounting packages;
- Purchase of equipment costing less than £5,000 aimed at improving productivity.

Improving business processes

- Software that will improve business processes, e.g. CRM systems, accounting packages, business planning packages and operational software specific to an industry.

16 Ineligible costs

Examples of what **cannot be** supported:

- VAT payments;
- Paying off debts or refinancing;
- Purchase of land or buildings or financial investments;
- Repairs to equipment or buildings;
- Preventative and remedial maintenance of assets or equipment;
- Training, including in the use of assets and equipment;
- Purchasing of vehicles
- Accountancy fees
- The revenue grant cannot support the purchase of assets or equipment in excess of £4,999 which must instead be made as a capital grant application on the same form;
- Salaries, travel or subsistence;
- Any statutory or legislative obligations, duties or requirements;
- Routine expenditure relating to new employees (e.g. office furniture, ICT and training);
- “Like-for-like” replacement of obsolete equipment with little or no added value.
- Contingencies and contingent liabilities
- Dividends
- Interest or service charges arising on debt incurred including finance leases, hire purchase and credit agreements
- Entertainment apart from food and non-alcoholic drink provided as part of a meeting

**This is not a definitive list*

17 Summary of Ineligible sectors

A number of sectors are ineligible for grant support under ERDF. These are:

- Fishery and aquaculture sectors
- Primary production, processing and marketing of agricultural products
- Coal, steel and shipbuilding sectors
- The synthetic fibres sector
- Generalised (school age) education

- Banking and insurance companies
- Retail businesses (ineligible for capital expenditure but eligible for revenue)
- Social Care Services & Social Welfare (hospitals, housing associations, sports facilities)
- Child-minding facilities

18. **Examples of what makes up State Aid**

- Grants from public bodies
- Loans from public bodies at favourable rates
- Loan guarantees from public bodies
- Differential tax benefits
- Grants from an investment trust (including charities) which may themselves have received the funds from a public body
- Grants from a part publicly funded venture capital fund
- Publicly administered funds, even if the funds were originally not public, such as the national lottery
- Landfill tax
- Waiving or deferral of fees or interest normally due to a public body.
- Monopoly licences or guarantees of market share
- Advertising via a public channel such as a tourist board or state owned television
- Consultancy advice provided either free or at a reduced rate
- Training provided either free or at a reduced rate
- Aid for investment in environmental projects
- Provision of a free or reduced rate feasibility study for research and development or other assistance with research and development
- Purchase of public land or property at a less than market rate
- Benefiting from the provision of infrastructure where your business was pre-identified as a beneficiary.

**This is not a definitive list*

20 **Procurement**

A condition of European Regional Development Fund (ERDF) requires applicants to demonstrate that they are procuring goods, services or supplies in line with EU Procurement regulations. This applies to the total costs of the project, i.e. ERDF grant + match funding and leverage if applicable.

Businesses are not contracting authorities, but they are still be required to comply with the National Rules, details of which are contained within European Union Procurement Law Guidance.

We STRONGLY advise you to speak with a member of the AIM for GOLD team for help in understanding the procurement requirements as failure to comply will mean we cannot pay the grant.