

## **BLACK COUNTRY AIM FOR GOLD (A4G) FINANCIAL ASSISTANCE SCHEME**

### **PRACTICE NOTE 05: PROGRAMME CRITERIA FOR BUSINESS APPLICANTS**

#### **A. BACKGROUND**

The Black Country AIM for GOLD Business Growth Programme (AIM for GOLD) is open to small and medium sized businesses fulfilling the criteria below which are based within, or relocating to, the Black Country Local Enterprise Partnership (LEP) area. The grant is part funded by the European Regional Development Fund (ERDF) and administered by Wolverhampton City Council (WCC). The Business Post Code in the Black Country must be within the ERDF “**Most Developed Area**”.

The financial assistance scheme is discretionary, and submission of an application does not automatically result in a financial award being made. The process is in effect a competition and only those that demonstrate a strong case for growth are likely to receive financial support by way of an ERDF grant as cash contribution towards the investment that has been identified to achieve growth. A clear dependency must be demonstrated.

#### **B. CRITERIA**

In order to apply for ERDF funding, your business **must** meet the following criteria:

##### **Must be a Small and Medium Sized Enterprise (SME)**

The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. If the business is owned by another company or combination of other companies, please refer to “[User Guide to the SME Definition](#)”.

##### **Trading status**

Eligible business qualify to receive up to 18 hours of support. However, to qualify for the financial assistance scheme from the AIM for GOLD (A4G) grant, a minimum of 80% of your turnover must be generated by business-to-business activity, with business-to-consumer/retail business accounting for no more than 20% of turnover. (If your business is nearing the 20% B2C/Retail cap, then we may ask you to provide further evidence to substantiate this and we reserve the right to decline applications if we are dissatisfied with the evidence provided);

##### **Business Activity must be eligible**

Your business activity must be eligible. Excluded activities include those of:

- a political or religious persuasion,
- activities involving pornography or clairvoyance and
- any business activity that is illegal or deemed as unsuitable for public support by Wolverhampton City Council.

For a full list of eligible and ineligible business activities, refer to the Eligible & Ineligible Business Activities list available from the Project Delivery Teams.

**Trading Period.**

To qualify for grant support, you must have been trading for a minimum of 2 years.

**You must be profit-seeking, (i.e. you must be an Enterprise);****State Aid**

The State Aid measures under which A4G operates is De Minimis.

To apply for De Minimis, you 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). De Minimis State Aid intervention rate are for AIM For GOLD is 30% for capital and 50% for revenue.

**Business Rates**

Your business must pay or be going to pay business rates if relocating to one of the local authorities within the Black Country LEP area and those payments must not be in arrears. The local authorities within the LEP areas are:

Wolverhampton City Council, Sandwell Metropolitan Borough Council, Dudley Metropolitan Borough Council and Walsall Metropolitan Borough Council.

**You must not be an “Undertaking in Difficulty”**

ERDF rules do not allow businesses that are in difficulty to be supported with ERDF grant. “Undertakings in Difficulties Tests” must be undertaken to ensure your businesses is not in difficulty. This requires looking at your most recent 3 Years Trading Accounts to check your profitability. You will also be required to sign a declaration to confirm that you have not received other public funds that you are still paying back.

Assessing your business performance benchmark involves looking at the previous year accounts and your current/management accounts. Businesses trading for 1-2 years old can only receive none financial support from the A4G Programme.

Your business must pass the “Undertakings in Difficulties Tests” that will be undertaken by the Programme.

Undertakings in difficulty as defined under the State Aid rules should not be supported, in accordance with Article 3.3(d) of the ERDF Regulation (EU) No 1301/2013.

The definition under State Aid rules that should be used when assessing whether an undertaking constitutes and undertaking in difficulty is set out in the General Block Exemption Regulation (GBER), No 651/2014. Article 2 para 18:

Although De Minimis rules permit Undertakings in Difficulty to be supported, ERDF rules do not.

**C. ASSISTANCE AVAILABLE**

The assistance from A4G is in the form of ERDF grant contribution of between £1,000 - £50,000. However, this is restricted to a maximum of £15,000 for those trading between 2 to 3 years. 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.

You must be able to complete the grant supported project within 90 days including making payment for payment for all goods/services/works. The 90 days\* is from the date you sign the Funding Agreement. *For high value or, more complex projects, project timescales are subject to negotiation, but any in event must be completed within 120 days.*

Eligible projects must lead to the growth of the business and ideally the creation of at least 1 full-time equivalent job (core jobs) for every £10,000 of grant awarded appointed within 12 months from the date of acceptance of the Funding Agreement. Additional jobs created after 12 months and up to up to 31/03/22 must also be reported.

Jobs are classed as follows:

Level	Skills	Qualifications	Wages
Low Value jobs	Unskilled to semi-skilled	Up to NVQ 1 or equivalent	Under £17,300 per annum
Medium Value jobs	Semi-skilled to skilled	NVQ 2 to 3 or equivalent	Over £17,300 Up to £25,000 per annum
High Value Job	Skilled, supervisory and above	NVQ 3 and above or equivalent	Over £24,500* per annum. This is the average for the Black Country

*\*Project creating higher value jobs will score higher marks during appraisal.*

#### **Business must provide match funding for the ERDF grant**

The grant is only 30% of the project costs for capital projects and 50% for revenue projects, so you must have the other 70% for capital and/or 50% revenue in place before you apply. Capital grant will be up to a maximum of £50,000 for a project that costs £166,666.67 so the match funding in this case is £116,666.67. If the project costs exceed £166,666.67 for example is £200,000 then the extra £33,333.33 is the additionality or leverage that your business is providing to the local economy.

Revenue projects are normally between £1,000 to £5,000.

ERDF grant is paid in arrears after the business spends the money paying suppliers and providers for goods and services (defrayed the expenditure). On receipt of the relevant evidence, Wolverhampton Council will pay the grant to the business at 30% of what is defrayed (expenditure you incur) for capital expenditure and 50% of what is defrayed (expenditure you incur) for revenue expenditure.

#### **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 be in place prior to approval of an A4Gr GOLD grant

#### **Hire Purchase or similar financial products are not generally eligible.**

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.

**Acceptable terms for Hire Purchase or similar financial products**

There is an exception if a hire purchase or similar financial product can be paid in a maximum of 6 instalments within 180 days as this could be accepted. If you are considering this, please discuss it with you A4G Account Manager before progressing your application.

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

**D. DATA PROTECTION**

Wolverhampton City Council will retain this information to ensure compliance with EU Regulations. WCC will put the information you give on to a computer to assist with record keeping. The information you provide is confidential and subject to the requirements of General Data Protection Regulations (GDPR) and the Data Protection Act 2018. This personal data will be held and processed by WCC in order to provide and share data amongst the organisations involved in Wolverhampton City Council's AIM For GOLD (A4G).

The personal details you provide may also be shared with third parties (involved in Wolverhampton City Council's A4G for the purposes of the provision of this support on the basis that they treat the information as confidential as well or as part of any statutory duties requiring such disclosure and to protect the public funds it collects and administers. Any data may be used to prevent fraud or the misuse of resources. For further information of our privacy notice, visit [www.wolverhampton.gov.uk/privacy](http://www.wolverhampton.gov.uk/privacy).

**E. STATE AID ASSISTANCE**

State Aid refers to financial support from a public or publicly funded body given to organisations which has the potential to distort competition and affect trade between member states of the European Union (EU).

State Aid is generally prohibited by EU rules. However, there are exceptions to this, and some financial aid is allowed under the 'de minimis' rules if the total amount of funding received by an organisation does not exceed a prescribed limit.

De minimis State Aid Regulations (under EC regulation number 1407/2013). This allows an individual applicant business/organisation to receive a maximum of €200,000 of funding (cash grant equivalent) over a 3 year period (the current and previous two financial years). The sterling equivalent is calculated using the Commission exchange rate applicable on the written date of offer of the de minimis funding.

This ceiling takes into account all public assistance given as de minimis funding for the current and previous two financial years which can take various forms (grants, loans, subsidised contracts, etc). Aid given under an approved scheme does not have to be cumulated with de minimis aid, provided any such de minimis aid is not awarded towards the same eligible costs as those supported via that approved scheme.

Exclusions:

- De minimis aid cannot be given for export related activities (except attendance at trade fairs) or aid favouring domestic goods over imports.
- For undertakings active in the road freight transport sector, the de minimis ceiling is €100k.

- De minimis aid cannot be awarded for the acquisition of road freight transport vehicles.
- De minimis aid cannot be used to top up awards made under approved State aid schemes, resulting in a circumvention of the aid intensities set out in the rules attached to such schemes. In these cases, it can only be awarded towards separate eligible costs.

Further De Minimis State Aid Regulations guidance is

available on the website:

<https://www.gov.uk/guidance/state-aid>

To confirm that you are able to receive assistance from the A4G, you must declare the full amount of aid, from any public source, and in any format, you have already received over the last 3 financial years. You must declare whether or not it was de minimis aid. All aid received whether de minimis aid or exempted aid must be declared. You must be explicit in your explanation of what the aid you received has been used for.

The following is not a comprehensive list of the possible forms of aid. However, it should give an indication of the most common forms of aid which you may have been given over the past three financial years. Potentially, any assistance from a public body might be an 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.

These types of aid may have been provided under de minimis (as de minimis aid) or under another State Aid regulation. If you are in any doubt whether aid received was de minimis aid or about its value, contact your local partner.

Any de minimis aid awarded to you under the A4G For GOLD will have to be declared if you apply, or have applied, for any other public funding. Therefore, if successful, the offer letter must be retained and shown to any other public body to which you apply for funding for the three years following the offer.

False declarations will lead to the recovery of the value of the assistance provided plus interest.

Note that where a business is part of a group, the €200,000 limit applies to the group as a whole for public sector support within the United Kingdom.

## **F. EXPRESSION OF INTEREST**

You must be registered onto the A4G Business Growth Programme and must complete a “Business Review” with your assigned A4G Account Manager. You will then be supported into developing your “Business Growth Plan” which will set out your ideas and strategy for growth, including how much it will cost to implement the growth and where the funding will come from.

If you are looking at assistance from the A4G grant, you will have to complete an “Expression of Interest Form” (EIO) setting out your proposal and an estimate of how much it will cost to implement your growth proposal and the amount of grant you are asking for.

The EIO can be completed at any time during the development of the growth plan or after completing your growth plan.

The EIO will be assessed and you will be notified in writing about the outcome. If your EIO is successful, you will be asked to proceed to the grant application stage and you will be required to provide 3 years accounts so that an Undertaking in Difficulty Test can be completed. This is a mandatory ERDF requirement and a grant application cannot be completed without the test being undertaken. If you pass the test then you can proceed to the application stage. You could also start procurement at this stage. ERDF rules are very strict and failure to comply will mean we cannot pay you the grant.

## **G. 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.

Private 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.

A summary of the rules are:

- An open and transparent procurement exercise must be undertaken, and evidence must be provided to demonstrate that this has been done. This should include a specification document, transparent scoring/award criteria, open advertisement of the opportunity (e.g. through Contracts Finder) and evidence of scoring and selection process. On A4G we use the [www.finditinthelblackcountry.org](http://www.finditinthelblackcountry.org) procurement website for 10 days.
- The applicant business is not obliged to accept the lowest quotation received, but a written explanation of the rationale behind any such decision will be required which demonstrates the supplier’s experience and/or value for money.
- For procurement of £300 to £3,000 you must provide 3 written quotations per individual item/service to be purchased. You are not obliged to accept the lowest

quotation received, but a written explanation of the rationale behind any such decision will be required which demonstrates the supplier’s experience and/or value for money. If you intend to do this, please consult the A4G Project Delivery Team at your local council.

- For smaller or generic goods/services, it is acceptable to use print-outs from websites. If you intend to do this, please consult the A4G Project Delivery Team at your local council.

**The evidence that you need to provide for all procurement is:**

- Copies of all quotations and screen shots or copies of the advertised opportunities taken from the portal(s) used, together with details of the assessment criteria used for each purchase and how you selected the winning bidder based on these criteria (e.g. scoresheet).

**For all expenditure, the suppliers must not be persons or businesses connected to your business, directors or shareholders.**

**If it you cannot demonstrate that quotations or tenders were received in accordance with EU Procurement regulations as outlined above, we will not be able to consider the application or if already done so, we will not be able to pay the ERDF grant.**

**We STRONGLY advise you to speak with a member of the AIM for GOLD (A4G) Project Team at your local council for help in completing this section.**

**H GRANT APPROVAL PROCESS**

Once you submit your application, it will go through the following stages:

<b>Gateway document checks</b>	2 days - The A4G Project Officers check that all documents have been submitted and are in order.
<b>Gateway Assessment</b>	Week 1 - The A4G Business Development Officer (Financial Assistance) undertakes the gateway scoring and initial due diligence
<b>Appraisal</b>	Weeks 2/3 - The appraisal process depends on the size of the grant being applied for.
<b>Approval</b>	Weeks 3/4 - (project can start at risk)

**Wolverhampton Council Internal approvals will take place between Weeks 4 to 7**

Issue of funding agreement (contract) Week 7-8) the start date is backdated to the Approval Date.

The above timescales are indicative and could me more or less time. They assume that the application is in order and there no queries or clarifications sought from you at the above stages and also that you have provided all the documents.

**I PAYMENT OF GRANT**

You must have the full funding for your proposal in place, that is grant plus your own financial contribution.

You have to spend first and then claim the grant in arrears.

To claim the grant, you must provide the following evidence: Invoices, receipts, for the goods/services, BACS, and bank statements. ERDF rules require that you are able to show the invoice from the supplier you have paid, and this must be linked to a transaction on your bank statement to show that you have paid the money.