



Warwickshire County Council Growth Fund

Small Capital Grants

Guidance for Applicants

Updated May 2022



1. Introduction

Warwickshire County Council offers **small capital grants** to small businesses with growth plans where loans or other sources of finance are not appropriate.

The funding is part of a package of business loans and grants agreed by the County Council to support Warwickshire's businesses.

This document provides more information about the grant scheme and explains how to apply

2. Who can apply?

Micro and small enterprises can apply. A micro-enterprise is defined as an enterprise with fewer than 10 employees whose annual turnover OR balance sheet does not exceed €2 million (about £1.6 million). Relationships with other enterprises are also taken into account when determining whether or not you meet these criteria. A small business is defined as a business with fewer than 50 employees whose annual turnover OR balance sheet does not exceed €10 million (about £7.9 million). Again, relationships with other enterprises are also taken into account.

Applicants must be based in the county of Warwickshire or looking to locate here (with an eligible Warwickshire postcode). **Interested applicants should contact the County Council on 01926 412709 at the earliest opportunity to check the eligibility of their project.**

Applicants must also be able to demonstrate significant growth potential. This is defined as an existing business seeking to increase turnover by 20% over the next three years or a new start-up forecasting to employ three more staff or generate £300,000 annual turnover within three years.

Applicants must usually have a minimum of 12 months trading history which must be evidencable. However, start-up businesses with significant growth potential & trading history may be considered on a case-by-case basis.

Particular priority will be given to businesses with the ambition and characteristic to scale-up. Priority will be given to applications from businesses in the following priority sectors for Warwickshire:

- Advanced manufacturing and engineering;
- Creative industries;
- Digital media and gaming;
- Connected and Autonomous Vehicles;
- Low carbon technologies;

- Professional services;
- Tourism and culture.

Particular priority will be given to early stage businesses with the ambition and characteristic to scale-up. Applications from businesses that are female led are also encouraged.

3. How much funding is available?

The scheme will provide support for eligible projects requesting between **£5,000 and up to £35,000 of grant**.

Grant support up to a **maximum of 40% of the total eligible costs** is available. Match funding must be cash (rather than 'in kind') and from private sector sources.

For example:

Project A costs £12,500.00 gross and the business that are completing this project are not VAT registered, so this is the cost including VAT, which they can claim as part of the overall spend. This means that at a maximum intervention rate of 40%, the business can apply for a grant of £5,000.00.

Project B costs £168,000.00 gross and the business that are completing this project are VAT registered. This means the grant will be calculated on the net value of the project as they will be able to claim back the VAT. The net value is £140,000.00, so the maximum intervention rate of 40% would take the grant value over the maximum allowed of £35,000.00.

In this case we would reduce the intervention rate to 25%, which then means the maximum grant amount of £35,000.00 is being applied for.

Applicants will need to demonstrate the need for the requested level of public funding and how their project will comply with UK Subsidy rules. Applying is a competitive process, and value for money/ impact will be a key factor when projects are appraised and selected.

The budget for the Small Capital Grants Scheme is agreed by Warwickshire County Council each financial year. Warwickshire County Council reserves the right to increase or decrease these indicative allocations or to support more or fewer projects depending on the volume and quality of the applications received.

4. What activities are eligible?

The scheme can only support **capital costs**. It is designed to help micro and small businesses put in place the full funding package needed for capital investments that will diversify or modernise their operations, leading to economic growth. Grants are only available towards the costs of tangible capital assets including:

- The refurbishment or extension of property, for the purposes of expanding the business, not a move to like-for-like premises
- The purchase of new equipment and machinery (including finance leases with an obligation to buy);
- Architect, engineer or consultant fees for the project (up to 15% of the project's total costs);
- The purchase of dedicated computer software including development costs where they are directly attributable to bringing a computer system or other computer-operated machinery into working condition (but excluding off the shelf pieces of software like Microsoft Office).

Grants are not available towards the costs of buying land or property. The speculative conversion of buildings into business premises also will NOT be supported.

The purchase of mobile assets can be included as an eligible project cost. This is on the basis that they are used exclusively in delivering an approved project within Warwickshire and not used for 'off site' activities/ purposes.

There is a list of ineligible activities and costs which cannot be claimed in **Appendix A**.

Interested applicants should contact Warwickshire County Council on 01926 412709 at the earliest opportunity to check the eligibility of their project.

5. Previous Grant Recipients

Businesses who have already received a grant from Warwickshire County Council or another public sector funded programme (the ERDF Investment Fund, EAFRD Growth Programme, etc.) can apply. However, such applicants will need to provide additional evidence in their application for why they need a grant from the public sector.

Applicants in this position should contact Warwickshire County Council on 01926 412709 at the earliest opportunity to discuss their project.

6. The Application Process

The application process is competitive and those projects offering the greatest return on investment are more likely to be supported.

There is a short application form to complete. **Applicants should contact the County Council on 01926 412709 to discuss their project and to request a copy of the application form.** This is to allow us to ensure that your project meets the eligibility criteria and application requirements.

You will also be offered support with developing your application from one of our Business Growth Advisors. This will include an initial review of your project and advice on the application process and supporting information required. You may also be offered support with preparing your application. **We strongly advise that you accept any offer of support to give your application the best chance of success.**

You may also use your own third-party consultant. However, you are still required to discuss your application with the County Council. We will also need to meet directly with you, the business, as part of the application process.

As part of your application, you will need to demonstrate the need for your project in the marketplace and the demand that has been identified. You will be required to evidence that you have explored other sources of funding such as loans, and why they have not been suitable. You will also need to explain how the project will enable significant change in your business.

Applications may be competitively ranked against each other. The assessment will consider the extent to which a project supports the objectives of the Growth Fund, the need for a grant from the public sector, the number of jobs to be created, value for money and deliverability.

A range of supporting documentation is required along with other information depending on your project. For example, you will need to demonstrate that you have the relevant statutory approvals or permissions required for your project to be able to proceed (such as planning permission). You will also need to provide three like-for-like quotations or tenders for all project costs (where relevant).

There are deadlines throughout the year. We will discuss with you, as part of the application process, the best time to submit your application.

7. UK Subsidy Control

Your project must comply with the new UK Subsidy Control Regime that replaces EU State Aid regulations. Before the Council decides to provide a grant, to ensure compliance, it will assess whether the grant will fall within the minimal financial assistance exemption in the Subsidy Control Bill (which will become law in the near future).

The exemption applies provided the total amount of minimal financial assistance given to the business, from all sources, within the applicable period (the elapsed part of the current financial year and the two financial years previously) does not exceed £315,000.

Before giving minimal financial assistance, the Council will give the business, to which it is considering making a grant, a minimal financial assistance notification. The grant cannot be made until the recipient provides written confirmation that the total of £315,000 will not be exceeded by the business receiving the proposed assistance from the Council. This may reduce the amount of grant available to support your project.

8. Procurement

In order to ensure best value for money, all goods and services claimed for as part of the project need to be openly and fairly procured.

Applicants need to provide written quotes, references to catalogue listings or formal tenders as part of their application. The following table provides general guidelines depending on the value of an individual item.

| | |
|---------------------|---|
| £999 or below | Two written quotes or references to catalogue listings. |
| £1000 up to £10,000 | Three written quotes or references to catalogue listings. |
| £10,001 and above | Three written quotes or formal tenders. |

Supplementary guidance on the requirements expected from quotes and ensuring value for money is included on Appendix B.

Projects involving goods and services above the EU threshold, £213,477 (Indicative value excluding 20% VAT £177,897) as of 01/01/2022, should be discussed with Warwickshire County Council at the earliest opportunity.

Advice on procurement and the requirements is available as part of the application process.

9. Permissions and Consents

If your project requires permissions or consents (e.g. planning permission or landlord consent), you can still apply but you will need to explain your timetable for obtaining them in your application.

Grant funding is not available towards the costs of getting any permissions or consents.

10. Output Definitions

All projects will be assessed on the number, type and quality of outputs they will deliver. This section of the guidance should be used to help determine the outputs for your project. Should your project be approved, then the outputs included in your application will form part of the grant agreement. The realism of your outputs will be tested as part of the assessment process.

Jobs created (Employment increase in supported businesses): Jobs created are where new, permanent and paid jobs are created. Date of creation is the day the new employee starts work in the business. The job should not have existed before. Jobs should also have a life expectancy of at least 12 months. A full-time equivalent (FTE) job created can still be counted even if it does not last for 12 months provided there is contractual evidence that the intended life expectancy of the job was 12 months.

Full time equivalent: Paid work of 36 hours or more per week. Part-time jobs should be treated on a pro-rata basis. Seasonal jobs can be counted where this is normal practice for an industry. The job must exist for a minimum of four weeks per annum and it should be counted on a pro-rata basis. E.g. a three month job = 0.25 FTE or two part-time jobs = 1 FTE (if no other information is available).

All jobs created will also need to be reported on the basis of gender, age, disability and ethnicity.

Jobs safeguarded: A job is considered as 'safeguarded' if a job which was considered at risk when a business applied for the grant is still in existence at the time of counting, and is no longer at risk of being lost within a year. The job must not be counted again if it is filled over time by different individuals. Jobs safeguarded are also counted as full time equivalents as per the guidance above.

Jobs supported: Jobs supported are staff members within the organisation that benefit from the grant funded project. In some cases this can be all employees within the business (if the project has an overall supporting outcome to the business)

Number of new to the market/ new to the firm products introduced: If the project involves new products, either new to the market or new to the firm, these should be also reported. Products can be tangible or intangible (including services and processes).

A new to the market product is one where there is no other product available with the same functionality or it is fundamentally different in design or technology to already existing products. A new to the firm product is one where there is no other product available at that business with the same functionality or it is fundamentally different in design or technology to already existing products at that business.

11. Grant Offer

Successful projects will be invited to enter into a grant agreement with Warwickshire County Council. This will explain when a project can start and all terms and conditions including any project specific conditions.

As per our Claiming and Reporting Notes, all invoices must be paid by a monetary transaction **BUT NOT CASH** – transactions for goods or services settled in cash will not be eligible for grant support

Our standard terms and conditions are available to applicants on request and it is recommended that you familiarise yourself with them.

The County Council must always be notified immediately of any changes to a project. This might involve changes to the timing or the financing of a project. All changes must be agreed in writing by the County Council.

12. Publicity

The grant agreement will also explain the rules for publicising the grant support from Warwickshire County Council. We may ask you to acknowledge the funding in any press releases or when communicating with customers (for example on web sites). We may also ask you to display a poster or plaque (depending on the project).

Advice on publicity will be available as part of the application process and at any grant offer stage.

13. Contact

Warwickshire County Council

Business and Economy
Economy & Skills
Communities Group
PO Box 43
Shire Hall
Warwick
CV34 4SX

Tel. 01926 412709

business@warwickshire.gov.uk

Appendix A

Ineligible activities

The following activities are not eligible for support:

- The purchase of land or property;
- The speculative conversion of buildings into business premises;
- The like-for-like replacement of equipment or machinery;
- Computers and software used in the general running of the business;
- Projects which are required by law or to meet a legal requirement e.g. Disability access improvements;
- Projects where the applicant cannot demonstrate a market demand.

Ineligible costs

The following costs also cannot be claimed:

- **Expenditure incurred before the start date in the grant offer letter;**
- The costs of getting any permissions or consents;
- Working capital;
- Business as usual activities including salaries and marketing;
- Mobile infrastructure such as vehicles, mobile plant;
- Project management costs;
- Overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant;
- Notional expenditure;
- Depreciation, amortisation and impairment of assets purchased with the help of the Grant;
- Interest charges unless under an approved State Aid scheme;
- Service charges on finance leases, hire purchase and credit arrangements;
- Costs resulting from the deferral of payments to creditors;
- Reclaimable VAT;
- Expenditure supported from other government sources, local authority grants, charges paid by leaseholders, to the extent that the combined grants and other support total more than 100% of the project or scheme costs;
- Any cost relating to insurance policies.

This list is not exhaustive. Applicants should contact Warwickshire County Council's Economy & Skills Group on 01926 412709 to check the eligibility of their project.

Appendix B

WCC Capital Growth Fund – Supplementary Guidance on Quotes

Quotes

You are required to provide three quotes or tenders (or two if the value is £999 or less for every item included in your application. Where you have been unable to provide three like-for-like quotes, please explain the reasons why and you will need to show that the quotes you are providing demonstrate value for money and the items are fit for the purpose of the project.

If you are unable to provide three quotes, we may not be able to include the item in the grant offer if you are unable to demonstrate value for money.

The following requirements apply. All quotes must:

- Be independent of each other (i.e. from different suppliers that trade as standalone business entities that are not linked through shared ownership);
- Be independent of the applicant;
- Be comparable (e.g. of same or similar specification (quality), size, quantity, units);
- Include a detailed and itemised breakdown of costs;
- Be dated within the last six months and still valid;
- Be addressed to the grant applicant business at the address shown on the application form – any online quotes should also quote this address;
- Show the supplier's address, telephone number and contact details;
- Give the VAT number (if the supplier is VAT registered and VAT is charged on the quote); and
- Show the supplier's company registration number (if they are a limited company).

Where catalogue listings are allowed as set out in the guidance, applicants should send references to a catalogue listing as print-outs or photocopies, and they should include:

- the date on which it was printed or copied;
- the item description and the price;
- the name of the company or catalogue; and
- the page number or webpage

Value for money

In order to demonstrate value for money, it is expected that applicants use the cheapest supplier of each item, demonstrating best value on the market for the project item. If your preferred supplier is not the cheapest, please explain why. We may not be able to accept the cost of your preferred supplier and this may reduce the grant for the item to the cheapest quote.

The following are not acceptable reasons for using a more expensive quote:

- the location of the supplier;

- the fact that the applicant has bought from a supplier before; or
- any offers the supplier makes to the applicant about future service or maintenance of equipment.

Independent quotes

The quotes you provide should be from businesses/ individuals who are independent from your business and you. If any of them are not, please provide details and explain how they are connected. If you are proposing to use a supplier that is connected to you or your business in any way and the quote is accepted, the total cost permissible for this item may be reduced when the grant is calculated.

Procurement rules

You are expected to comply with the procurement rules set out in the guidance for applicants. In most circumstances we expect that three quotes for each item will be sufficient. If you decide any of your project items need to be tendered, please explain the process you have followed to source the chosen tender and how the tenders comply with your process. You are advised to discuss your process with WCC before proceeding. If your business has a Procurement Policy, please provide a copy with your application.

For larger capital schemes a fully detailed estimate compiled by a qualified quantity surveyor may be appropriate. The quantity surveyor must be independent from the applicant business. All larger capital schemes must be discussed with WCC before submitting an application.

Second-hand items

If you propose to purchase any of the project items second-hand, you must explain these in your application form and provide the reasons why. In addition to the quote you will also have to provide the following written confirmation:

- The seller of the equipment shall provide original proof of purchase and confirm that at no point during the previous seven years has it been purchased with grant funding;
- Evidence the price of the equipment does not exceed the market value cost of similar new equipment (comparable quotes);
- Confirmation of the current condition of the equipment, i.e. that it meets health and safety legislation and its usability for the operation(s) proposed; and it has at least five years' useful life remaining from the date of the final payment.

Conflict of Interest

Businesses who are looking to apply for a Small Capital Grant need to explain, in the application form, if there is any conflict of interest between the SME and a supplier providing a quote or tender for the project.

Conflict of interest will include being a Director or Shareholder of the Company providing the quote, or if the Supplier is part of the business Group is a sister company, or is a family member.

If a business is aware of any other conflict of interest other than outlined above, they need to speak to their Business Advisor and provide details.