

# Invest4 Business Hot House Grant Programme

## Application information and Guidelines

Please read these guidelines and consider everything that is in them carefully. They will make a difference to your ability to complete the applications in an effective way and reduce the risk of the project not receiving a grant fund, or that a grant fund may be asked to be re-paid if certain conditions are not complied with.

If you need any clarification on the guidelines please contact the Grant Fund Manager, Neil Clarke, at [invest4@brighton-hove.gov.uk](mailto:invest4@brighton-hove.gov.uk)

## 1 Overview

Invest4 is a Grant Fund Scheme that is funded by the European Regional Development Fund (ERDF). The Invest4 Grant Fund Scheme forms one strand of the six strand Business Hot House [Business Support Programme](#) that is part funded by the ERDF.

### The grants are:

- New Business Grants £2,000 to £5,000 (under 12 months old)
- Small Grants from £2,000 to £5,000
- Large Grants from £5,000 to de minimis limits (c. £170,000, subject to fluctuation in exchange rates from Euros)

The grants can currently provide up to 40% of eligible costs on projects that will create growth in the business and contribute to the Business Hot House outputs and outcomes. This rate of contribution may be subject to change at any given point depending on funding availability for the programme.

The Invest4 grant programme can fund both revenue and capital items, but there are a few exceptions which are detailed below.

### An example:

A business has a project to buy a new machine at a cost of £50,000. The new machine will create growth in the business of 30% turnover and associated net profit growth. Because of the increase in capacity of the new machine the business will require two new team members.

The Business can apply for a grant of up to 40% of the costs of the machine. This is £20,000. The remaining £30,000 is called match funding and must be provided by the business through other eligible means.

## 2 Eligibility

The Invest4 grant programme is for businesses based in, or with significant trading in the [Coast to Capital Local Enterprise Partnership](#) area.

The business MUST be a micro, small or medium sized (SME), independent business. This is defined by:

- No more than 250 employees
- Balance sheet not exceeding 43m Euros
- Turnover not exceeding 50m Euros

The Invest4 grant cannot make the state aid to the business exceed de minimis thresholds (approximately £170,000) This includes such things as state funded business advice and guidance and other grants.

A full explanation of what an SME is considered to be, including definitions of linked and partner organisations can be found in this document

[https://ec.europa.eu/regional\\_policy/sources/conferences/state-aid/sme/smedefinitionguide\\_en.pdf](https://ec.europa.eu/regional_policy/sources/conferences/state-aid/sme/smedefinitionguide_en.pdf)

**Full details on eligibility can be found here:**

<http://www.gov.uk/government/publications/european-regional-development-fund-eligibility-documents>

**All applications will be checked for eligibility.**

Businesses must not be a business in difficulty as at 31 December 2019.

*“A business in difficulty is a business that is unable, whether through its own resources or with the funds it is able to obtain from its owner/ shareholders or creditors, to stem losses which without outside intervention by will almost certainly condemn it to go out of business in the short or medium term.”*

You will need to demonstrate that a grant will assist your business to grow in at least one of the following:

- increase in turnover, productivity or profitability
- introducing new products or services to market
- job creation (number of and type)

If you are a trading business, it is likely that your business will have a demonstrable profitable trading period from which to grow. **We therefore expect that in most cases businesses to have been trading for a minimum of 2 years.**

If your business is pre-start or has been trading less than 2 years, you will need to demonstrate market need through a strong and realistic **business plan**, a business plan template will be provided if you do not have one.

## 2.1 Excluded Business Sectors

Please also note that some sectors are not eligible for support on this programme due to Central Government Legislation. These sectors include:

- **Some elements of retail are excluded including for all capital costs relating to building and refurbishment – if you in retail please get in touch to discuss your project to ensure eligibility**
- Fishery & Aquaculture,
- Primary production, processing and marketing of agricultural products,
- Coal, Steel and shipbuilding sectors,
- Synthetic Fibres,
- Generalised School Age Education,
- Banking and Insurance Companies,
- Nuclear related activity

## 2.2 What the Invest4 grants may be used for:

<ul style="list-style-type: none"> <li>• Revenue projects</li> <li>• Capital projects (<i>including plant and machinery and premises improvements (except for retail business applications).</i>)</li> <li>• Premises improvements</li> <li>• Growth Consultancy</li> <li>• Investment in Innovation eg new products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership and Management Development</li> <li>• Software development</li> <li>• Digital platforms (such as web sites) that support growth</li> <li>• Specialist IT equipment</li> <li>• Cost of employment such as advertising or recruitment fees</li> </ul>
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**Please note this is not an exhaustive list.**

## 2.3 What can the Invest4 grant fund NOT be used for:

<ul style="list-style-type: none"> <li>• Depreciation</li> <li>• Repayment of debts</li> <li>• Gifts and donations</li> <li>• Land purchases</li> <li>• Internal transfers</li> <li>• Wage subsidy</li> <li>• Stock and consumables</li> <li>• Marketing spend on digital adverts</li> </ul>	<ul style="list-style-type: none"> <li>• General running costs of the business</li> <li>• Previously incurred expenses</li> <li>• Working capital</li> <li>• Asset purchase using asset finance</li> <li>• Planning permission</li> <li>• Legal expenses/fees</li> <li>• Staff salaries</li> <li>• General business set up costs</li> </ul>
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**Please note this is not an exhaustive list.**

## 2.4 Outputs and Outcomes

You will need to demonstrate that a grant will assist your business to grow in a number of ways, examples include an increase in turnover, introducing new products or services to market and also job creation. It is likely that your business will have a demonstrable profitable trading period from which to grow.

## 3 Process

The Invest4 grant fund programme follows a set process. This is detailed below:

- Expression of Interest (Large grant only)
- Application form submission (Small grant and Large grant)
- Due diligence – including all eligibility checks, included paperwork checks, viability etc.
- Grants Panel
- Grant contract sent
- Grant paid at 40% of value on evidence of defrayal and other requirements
- Monitor project outputs & assets

NOTE: All application forms must be submitted with the supporting information set out in 3.2 or 3.3. Failure to submit the supporting information will delay referral of your application to the decision-making panel.

### 3.1 New Business Grants

Grants are available for new businesses. This includes those at pre-revenue and those up to 12 months old. The grants are from £2,000 to £5,000. This is **not** for general day to day running costs as detailed in 2.3 above. For new business grants please follow the small grants application. New Business grants require a business plan, a cashflow forecast. Templates can be provided. Quotes are required for the items that you wish to purchase. You must have a business bank account to purchase the item and receive payment from Invest4. Separate personal bank accounts are not acceptable.

### 3.2 Small Grants

For Invest4 Small Grants there is a single application form to be completed and returned, with required supporting documents to the Grant Fund Manager. Small grants are for between £2,000 and £5,000. A business plan, cashflow forecast, and full accounts for previous two years and the current year. Templates can be provided. Quotes are required for the items that you wish to purchase. You will be advised of the estimated approval time once all of the required information has been supplied.

### 3.3 Large Grants

For Invest4 Grants of over £5,000 the application is initially by Expression of Interest (EOI), submitted to the Grant Fund Manager. The EOI will be reviewed and you will be notified within 2 weeks if you have passed the initial eligibility and due diligence checks. If successful at the EOI stage, then you will be invited to submit a full application (form). Applications for large grants will require the following supporting documents:

Full audited accounts for the previous two years

Cashflow forecast (assuming the award of the requested grant amount)

Quotes for the items that you wish to purchase (for items over £25,000 three quotes are required for each item)

For applications of £40,000 and over there is an additional requirement for an independent Due Diligence report (see 3.5 below). Further financial checks may be required for larger grant requests

### 3.4 Eligibility checks

All applications and Expressions of Interest are assessed for eligibility for the Invest4 grant fund. This information is done by self-declaration, but you may be asked to provide further proof of eligibility. These checks will include:

- Review of application documentation
- Legal status of applicant business
- Business status, i.e. micro, small or medium business
- Business Sector
- Proposed expenditure
- Match funding
- Previous levels of State Aid
- Need for the funding (the need for the grant must be justified. The grant must either bridge a funding gap, bring forward a project or enable the project to be undertaken to required quality standards)
- Applicants must have explored other realistic funding options including their existing bank and other sources and explain in the application form how they have done so. **This is not an exhaustive list**

### 3.5 Due Diligence

For grants of up to £40,000

All applicants for the Invest4 grant programme will go through a due diligence review. This can include credit reference checks if deemed necessary. The Due Diligence reviews may be contracted out to a third party.

Due Diligence will review the following, as a minimum:

- Full and comprehensive business plan to establish business viability and longevity
- Applicant business historical financial position (previous 2 complete years of accounts)
- Project Plan
- Viability of the project
- On-line searches and reviews including credit checks
- Companies House records
- Control of ownership
- Appropriate management and financial skills in the business
- Full review of application financial records including accuracy of forecasts of income and expenditure for growth.
- Project has not commenced

#### For grants of greater than £40,000.

Applications for grants of greater than £40,000 must include an independent Due Diligence report. The cost of the report is to be met by the applicant and the risk that an application may not successful must be borne by the applicant. The Due Diligence report, to be assessed by the Panel, and must be produced by an external individual or organisation with no links to the applicant's business. **Completed reports be sent direct to the panel at [invest4@brighton-hove.gov.uk](mailto:invest4@brighton-hove.gov.uk) not via the applicant**

The costs of a report will vary from approximately £300 to £1,500 (please note this is just an estimate and will vary depending on who applicants choose to undertake the due diligence report). A template for the due diligence report for e external Due Diligence process will be provided

### 3.6 Assessment Panels

Grant applications of **less than £40,000** will be assessed by an internal panel that is usually held once a month. Applicants will be notified shortly after of the panel decision. You may be required to answer clarification questions before being formally approved. The internal panel will consist of the Grant Fund Manager, Programme Manager, Accountant, Member of Senior Management at Brighton and Hove City Council or University of Chichester.

Grants of greater than £40,000 will be assessed by an external panel that will meet when required. You will be informed of when the panel will meet after you have submitted your application. You will be notified shortly afterwards of the panel decision. You may be required to answer clarification questions from the panel before approval is given The external panel will consist of the Grant Fund Manager, Programme Manager, Accountant, Member of Senior Management at Brighton & Hove City Council or University of Chichester or other Hot House partners plus two external independent panel members from the Business community..

If the panel decision does not go in your favour, you may be given guidance on how to improve your application and signposted to further support either within the Business Hot House programme or to other business support organisations.

NOTE: Failure to provide the supporting information detailed in sections 3.7 below will result in your application being held back from the panel until the information is supplied.

### 3.7 Supporting Documentation

**All applications will require supporting documentation** to enable eligibility and due diligence check to be carried out. These are:

- Current Business Plan (for small grants a business plan template can be provided)
- Current year management accounts
- Previous two years full trading accounts (if applicable)
- Cash flow forecast for current year and next two years, (incorporating the grant amount)
- Sales forecasts
- Any other appropriate documentation that has been requested by the Invest4 Grant Fund Manager
- Demonstration of eligible match funding in place (including the source of the funds)
- Quotes including recognition of ERDF procurement rules for purchases over £25,000

### 3.8 Contracting - 'The offer pack'

If your grant is approved, you will be sent a notification letter and a grant funding agreement for you to complete.

The agreement will include:

bank details,  
 the grant approval date,  
 total eligible project costs,  
 the maximum grant amount agreed  
 agreed outcomes for the funding  
 action points from the approval process.  
 your application form which forms the basis of what you can purchase under the grant and what outputs we will be measuring

You will then sign this and return to the Grant Fund Manager to sign after which you can proceed with expenditure

- **NOTE: Grant fund agreements will only be made through a legal business structure such as a limited company or a sole trader. Grants agreements will not be made with individuals or paid into personal bank accounts**

Once the grant funding agreement is signed by all parties you will receive your successful applicant pack consisting of:

- 'Claiming your grant' document
- Business Hot House Asset Register
- Statement of Expenditure spreadsheet
- Job creation forms (if required) Form C8
- New to firm or market, product/service forms (if required) Form C28 And C29
- ERDF poster template for publicising your grant
- VAT declaration form if required

Once payment has been made you will receive your

- State Aid notification letter;

**We may contact you to help promote the grant programme as a case study**

### 3.9 Payment

#### Cashflow implications

The project needs to be fully funded in the short term by the applicant business. The grant is paid in arrears on completion of the project, in line with the grant offer letter and contract and will be



monitored against the achievement of the required outputs, outcomes as stated in section 3.10 and completion of the required claims paperwork.

Funding cannot be claimed for purchases made before the Grant Funding Agreement has been signed and returned to you.

**Payment will only be made to Business Bank Accounts.**

### 3.10 Monitoring

Your project will be monitored on a regular basis throughout to ensure you are achieving the agreed outcomes and outputs.

Brighton & Hove City Council (Grant Fund Manager) and The University of Chichester (Business Hot House Lead Partner) reserve the right to visit any grant recipient to ensure that the grant has been used for the purpose intended, as stated in the Grant Funding Agreement. Grant recipients are obliged to cooperate with this process.

You will be required to allow follow up reviews and monitoring at 3 months, 6 months, 12 months and potentially at the end of the Invest4 and Hot House programme, which is October 2022. The monitoring may be via visit, telephone interviews or on-line communications. The monitoring may form part of the evaluation and audit of the Business Hot House programme, which will be conducted by an independent contractor.

The latest date of monitoring will be 31 October 2022

### 3.11 Auditing

Auditing may be carried out by the University of Chichester, Ministry of Housing, Communities and Local Government (The Managing Authority) and the representative of the European Union.

**The potential latest date of auditing will be December 2033. All paperwork relating to the Grant you receive must be retained until this date unless you are informed otherwise.**

### 3.12 Clawback

There is a risk of clawback of your grant. This only happens in very rare circumstances. This is usually based on not procuring through an open and fair process, that complies with ERDF regulations.

There may be other reasons for clawback such as non-compliance with the grant fund agreement, non-completion of the project, outputs and outcomes not achieved, and disposal of assets bought through the grant funded project.

Clawback may be either all or a portion of the grant that has been awarded.

## 4 Open and Fair Procurement

All procurement made under any ERDF (ESIF) funded programme must be carried out in a fair and open way. This is good financial practice. This applies to the projects that are undertaken with ERDF grant funds awarded to SMEs under the Business Hot House and Invest4 programme.

The full regulations can be found here:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/917826/ESIF-GN-1-001 ESIF National Procurement Requirements v7.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/917826/ESIF-GN-1-001_ESIF_National_Procurement_Requirements_v7.pdf)

**It is the responsibility of the grant fund recipient to comply to these procurement requirements. If you have any questions then please contact the Invest4 Grant Fund Manager, Neil Clarke - [invest4@brighton-hove.gov.uk](mailto:invest4@brighton-hove.gov.uk)**

In summary:

- For items of expenditure of up to £25,000 you can procure on a direct award basis (**although we recommend getting at least three (3) quotes to demonstrate value for money**)

- For items of over £25,000, or when you are procuring more than one item from the same company for a total value over £25,000 follow the guidance in the regulations, in particular chapter 6.
- **Include copies of quotes when sending in your Grant Application.** Please label/name the quotations supplied with the relevant Item Ref. This will assist us with the appraisal. These can be in the form of screenshots (for smaller value items), email, or official quotations, but must show the supplier name, item, and cost.
- To allow us to undertake a comprehensive technical appraisal, you should include a full breakdown of the project costs.
- If the chosen quote (please indicate, where applicable) is not the cheapest quotation, please specify why your choice is 'best value', by showing how it was scored against the criteria.
- Where expenses are for 'one of a kind' purchases, the Programme will still require comparable quotations to evidence best value. Where this is the case, we will accept quotations/estimates for similar products/expenses, alongside an explanation of choice.

## 5 Appeals process

If you are unsuccessful in your grant fund application please contact the Grant Fund Manager, Neil Clarke – [Invest4@brighton-hove.gov.uk](mailto:Invest4@brighton-hove.gov.uk) in the first instance to discuss your application, why you were not successful and how we can support you if you wish to re-submit.

If you want to go through the appeals process, please ask for the appeals process documents.