

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 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

1 Overview

Invest4 is a Grant Fund Scheme that is funded by the European Regional Development Agency (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. Through the Invest4 Grant Fund, funding may be available to assist the growth of your business.

The grants are:

- Start-up Grants £2,000 to £5,000 (a start-up is pre-trading or under 12 months old)
- Small Grants from £2,000 to £5,000
- Full 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 projects, but there are a number of 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 provide by the business through other means.

2 Eligibility

The Invest4 grant programme is for businesses or pre-start entrepreneurs 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 business. This is defined by:

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

The Invest4 grant will not 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.

Full details on eligibility can be found on [this link](#). All applications will be checked for eligibility.

You will need to demonstrate that a grant will assist your business to grow in a number of ways including:

- job creation (number of and quality)
- increase in turnover, productivity or profitability
- introducing new products or services to market or to be used internally.

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.

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:

- 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

Some elements of retail are also excluded.

2.2 What the Invest4 grants may be used for:

<ul style="list-style-type: none"> • Revenue projects • Capital projects • Plant and Machinery • Premises improvements • Growth Consultancy 	<ul style="list-style-type: none"> • Leadership and Management Development • Software development • Digital platforms that support growth • Specialist IT equipment
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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"> • Depreciation • Repayment of debts • Gifts and donations • Land purchases • Internal transfers • Wage subsidy • Stock and consumables 	<ul style="list-style-type: none"> • General running costs of the business • Previously incurred expenses • Working capital • Vehicles and highly portable equipment • Asset purchase using asset finance • Planning permission • Legal expenses/fees
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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 including job creation (number of and quality), increase in turnover, introducing new

products or services to market. 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)
- Full 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

3.1 Start Up Grants

Grants are available for start-up ventures. This includes those at pre-revenue and those up to 12 months old. The maximum amount of grant available is £5,000. For start-up grants please follow the small grants application.

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.

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 of the outcome. If successful at the EOI stage then you will be invited to submit a full application (form) together with a supporting historic/current/projected financial package. Upon receipt of the full application the process will vary depending on the grant amount applied for.

3.4 Eligibility checks

All applications and Expression of interests are assessed for eligibility for the Invest4 grant fund. This information is done by self-declaration, but this check may require further proof of eligibility. These checks will include:

- Review of application documentation
- Legal status of applicant business
- Is the business a micro, small or medium business as defined by the OECD
- What sector the business is in
- What the project spend is for
- Match funding
- Previous levels of state aid
- Need for the funding
- The need for the grant is required to be justified. The grant will 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 submit evidence that they have done so and were not successful.

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 may 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:

- Business Plan for business viability and longevity
- Applicant Business historical financial position
- Project Plan and viability of the plan
- Viability of the project
- On line searches and reviews
- 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 be successful must be borne by the applicant. The Due Diligence report, to be assessed by the Panel, must be produced by an external individual or organisation with no links to the applicant's business. We believe 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 comprehensive list of areas that need to be reviewed in the external Due Diligence process will be provided at Full Application for grants of over £40,000.

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 present your project to the panel and answer clarification questions. 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 these panels will meet when you have submitted

your application. You will be notified shortly afterwards of the panel decision. You will be required to present your project to the panel and answer clarification questions from the panel. The external 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, Commercial Accountant, Commercial Banker.

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.

3.7 Supporting Documentation

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

- Business Plan covering the current year and next two years.
- Current year management accounts
- Previous two years full trading accounts
- Cash flow forecast for current year and next two years
- P&L forecast for current year and next two years
- Sales forecasts
- **Any other appropriate documentation that has been agreed with the Invest4 Grant Fund Manager**
- Demonstration of eligible match funding in place

3.8 Contracting - 'The offer pack'

If your grant is approved, you will be sent a notification via email initially, advising of the grant approval date, total eligible project costs, and the maximum grant amount agreed. We will also attach an information and advice document, indicating some basic 'dos and don'ts'.

A formal 'offer pack' will be sent out as soon as possible after the Panel's decision has been made.

This pack will contain all the information that is pertinent to the grant funding and will contain:

- Grant offer letter and confirmation of grant approval which will include:
 - Breakdown of eligible expenditure, and amounts
 - Any action points from the approval process
- Grant Funding Agreement, which will contain:
 - Grant Funding Agreement Schedules
 - Outputs and Timescales
 - Monitoring Information Requirements
- Bank details form to arrange payment at the end of the project
- VAT declaration form
- Job creation forms (if required)
- New to firm or market, product/service forms (if required)
- Copy of your grant application
- State Aid notification letter;
- Total value of proposed State Aid (in both € and £)

The grant fund agreement will need to be signed by both parties.

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 the achievement of the required outputs, outcomes and completion of the required claims paperwork.

There can be no retrospective claiming for project work done prior to signing of the grant fund agreement.

3.10 Monitoring

- Your project will be monitored on a regular basis throughout to ensure you are achieving the agreed outcomes and outputs.
- Your project will be fully assessed at the agreed end date.
- ***Brighton and Hove City Council (Grant Fund Managers) 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, this 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.

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.

Potential latest date of auditing will be December 2033. All paperwork relating to the Grant you receive must be retained until this date.

3.12 Clawback

There is a risk of clawback of your grant. Though this may happen, it 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 SME 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/825719/ESIF-GN-1-001_ESIF_National_Procurement_Requirements_v6.pdf

It is the responsibility of the grant fund awardee 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

In summary:

- You need to provide a minimum of three (3) like-for-like quotes for each specific project expense that is under £25,000. For items of over £25,000 please contact us for full guidance on high value item procurement.
- Ensure to include copies of these 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, email, or official quotations, but must show the supplier name, item, and cost.

- To allow us to undertake a full technical appraisal, you should include a full breakdown of the project costs. In order to demonstrate value for money The Invest4 panels will require at least 3 comparable quotes for all 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 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.