



SOLENT  
LOCAL  
ENTERPRISE  
PARTNERSHIP



# HAVANT BUSINESS SUPPORT FUND: TECHNICAL GUIDANCE

Round 1 | December 2016

  
**GROWTH  
DEALS**

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# 1 Fund Summary

The Havant Business Support Fund is a competitive capital funding programme tailored to support Havant's SME base to grow quickly (high-growth) through delivering new processes / products / services, and / or developing new markets. In addition, the Fund is also available to support businesses experiencing challenging trading conditions. The Fund forms part of the Solent Local Enterprise Partnership's (LEP's) approach to providing the resources and economic environment, which make it easier for businesses and individuals to be productive.

A total amount of £250,000 funding is available up to April 2018 to support new and existing businesses in Havant to deliver new processes / products / services, develop new markets, or directly create and / or safeguard jobs in Havant. Businesses from one of the target sectors this guidance identifies must be able to demonstrate that they will grow quickly through delivery of new processes / products / services, and / or developing new markets, or diversify products and / or markets in response to challenging trading conditions.

Between £10,000 and £75,000 funding is being made available on a grant, loan, forward-funding or equity share bases, at intervention rates ranging from:

- 20% for established businesses seeking to grow quickly (high-growth);
- 40% for start-up businesses with high-growth potential; and
- 40% for businesses experiencing challenging trading conditions.

This Technical Guidance document is intended to provide detailed guidance for applicants, and will be used as the basis for assessment of any application, and it is therefore important that this guidance is read in advance of completing and submitting an application.

For larger businesses and businesses seeking funding over £75,000, the [Solent Growth Fund](#) provides funding of between £10,000 and £500,000.

## 2 The Havant Economy

With over a population of over 120,000, the largest sectors in employment terms in Havant are Education, Retail, Manufacturing, Business Administration and Support Services, and Health. Havant forms part of the sub-national defence cluster, centered on the Portsmouth Naval Base, with a range of larger companies and SMEs engaged highly technical defence-related activity. However, diminishing domestic expenditure on defence has brought challenging trading conditions. In addition, in response to the dynamic economic environment, decisions on planned business investment are being delayed, whilst other businesses are choosing to restructure operations, resulting in uncertainty.

Havant is 157 (of 379 Local Authority areas) in the [2016 UK Competitiveness Index](#) (up one place from 2013), 49<sup>th</sup> of 67 Local Authority areas in the south east of England, and 7<sup>th</sup> of the 11 Unitary or District Authority areas either wholly or partly in the Solent LEP area. Competitiveness is considered to consist of the capability of an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it.

There are pockets of deprivation where significant numbers of working age residents are disengaged from the labour market, with four wards in Havant where the unemployment rate is 5.0% or over (Census 2011).

As the UK and Solent economies seek to be more productive, moving forward, it will be important for high growth and high knowledge sectors such as Information and Communication; and Professional, Scientific and Technical to play an increasingly important role - particularly in driving innovation and wealth creation.

The Havant Business Support Fund aims to stimulate growth and innovation in Havant, and provide businesses and entrepreneurs with funding to be at the forefront of raising productivity in the Solent.

# 3 The Fund

The Solent LEP is offering business support funds to both established SMEs and start-up companies in the Havant Borough Council area to expand their businesses through new processes / products / services, and / or developing or diversifying new markets. In addition, and in recognition of the challenging economic landscape, the LEP is also offering funding to support businesses that are experiencing challenging trading conditions, as defined in section 3.3.5 of this guidance. The total amount of funding available is £250,000 up to April 2018. Details of the Fund are outlined below.

## 3.1 Capital Investment Fund

This Fund is a capital investment only fund for contributions of between £10,000 and £75,000 to total project costs, and is being made available on the following basis:

- Up to 20% funding for established businesses seeking to grow their business quickly (high-growth) through new processes / products / services, and / or developing new markets;
- Up to 40% funding for start-up businesses that can demonstrate credible high growth potential; or
- Up to 40% funding for businesses experiencing challenging trading conditions.

In addition to the eligibility criteria set out in section 4, projects will need to evidence the following to be considered.

Intervention Threshold	Essential	At least one of
Established businesses seeking up to 20% funding contribution to the costs of their project will need to demonstrate...	<ul style="list-style-type: none"> <li>• Potential High Growth (section 3.3.1)</li> </ul>	<ul style="list-style-type: none"> <li>• Improving Business Productivity (section 3.3.2)</li> <li>• Developing new markets (section 3.3.3)</li> <li>• Direct creation or safeguarding of Private Sector Jobs (3.3.6)</li> </ul>
Start-up businesses seeking up to 40% funding contribution to the costs of their project will need to demonstrate...	<ul style="list-style-type: none"> <li>• Potential High Growth (section 3.3.1)</li> </ul>	<ul style="list-style-type: none"> <li>• Improving Business Productivity (section 3.3.2)</li> <li>• Developing new markets (section 3.3.3)</li> <li>• Direct creation of Private Sector Jobs (section 3.3.6)</li> </ul>

Intervention Threshold	Essential	At least one of
Established businesses or start-up businesses seeking up to 40% funding contribution to the costs of their project as a result of challenging trading conditions will need to demonstrate...	<ul style="list-style-type: none"> <li>Economic impact (section 3.3.5)</li> </ul>	<ul style="list-style-type: none"> <li>Improving Business Productivity (section 3.3.2)</li> <li>Developing new markets (section 3.3.3)</li> <li>Direct creation or safeguarding of Private Sector Jobs (3.3.6)</li> </ul>

## 3.2 Types of Funding

### 3.2.1 Grants

Funding may be sought in the form of a capital grant, alongside confirmed and secured third party investment.

### 3.2.2 Loans

Loans, at market rates will be required to be repaid on a basis agreed during the due diligence stage with a longstop date of January 2020, may be requested. Exceptionally, the LEP may consider a longstop date beyond this where a proposal will generate high levels of jobs, or leverage significant additional private sector investment. If you intend to provide a longstop date on the basis of exceptional circumstances / outputs, it is strongly recommended that you contact the Solent LEP first in order to discuss this.

For private sector applicants the market interest rate will be calculated using the EC Reference Rate plus a margin calculated on the basis of an assessment, by the Solent LEP as part of the due diligence process, of creditworthiness and collateralisation. An interest rate matrix using the latest EC Reference Rate, as at 1st October 2016, is published separately, and is set out below.

For most loans to Local Authorities or other Public Sector applicants, subject to state aid regulations, there will be no market interest rate applied. However, an administration fee will be charged for each loan made and will be deducted from the initial advance made to the loan recipient. The one-off fixed fee will be 2.5% of the total loan amount.

However, if the funding is for a solely commercial venture that does not fall within a permitted activity as set out within State Aid legislation then a commercial interest rate will apply. This would be calculated as would a loan to a private sector applicant as set out below.

In order to avoid direct arrangements with projects constituting a State Aid, the Solent LEP (in common with most other LEPs) has decided that a commercial rate of interest will be

payable on any loans provided to the private sector. Interest rates will be calculated using the EC Reference Rate plus a margin calculated on the basis of an assessment by the Solent LEP and Portsmouth City Council, as part of the due diligence process, of creditworthiness and collateralisation.

Interest rates are assessed using European Commission guidance as set out in the Communication which can be found at:

[http://ec.europa.eu/competition/state\\_aid/legislation/reference\\_rates.html](http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html)

The EC Reference rate is used as the variable rate and has been set at 0.84% from 1<sup>st</sup> October 2016. This rate is then increased by a margin (to reflect the creditworthiness of the borrower and the level of collateral offered). A summary matrix outlining these margins is included below:

Rating Category	Collateralisation		
	High	Normal	Low
Strong (AAA-A)	0.6%	0.75%	1%
Good (BBB)	0.75%	1%	2.2%
Satisfactory (BB)	1%	2.2%	4%
Weak (B)	2.2%	4%	6.5%
Bad / Financial Difficulties (CCC and below)	4%	6.5%	10%

Full information in relation to the margin increases applied is available at:

[http://ec.europa.eu/competition/state\\_aid/legislation/compilation/h\\_10\\_07\\_09\\_en.pdf](http://ec.europa.eu/competition/state_aid/legislation/compilation/h_10_07_09_en.pdf)

Assessment of interest rates will be carried out by the Solent LEP and its Accountable Body, Portsmouth City Council, as part of the due diligence process and decisions made are final.

### **3.2.3 Forward funding**

The LEP recognise that for some projects, forward-funding may be required to accelerate delivery.

An administration fee will be charged for projects financed through forward funding arrangements. This fee will be deducted from the advance payment made to the recipient. The one-off fixed fee will be 2.5% of the total forward funding amount.

### **3.2.4 Equity Investments**

An investment could be made on the basis of equity share where the fund has first call on any proceeds up to the investment value including a commercial interest charge for the funds employed and then an agreed share of the profits thereafter.

The amount and type of funding ultimately offered to any project will reflect the Solent LEPs assessment of the minimum support needed for the project to proceed and the level of risk involved. The Solent LEP and Portsmouth City Council as Accountable Body for the fund may require security in the form of charges against assets or future asset values in order to satisfy the due diligence process.

The Solent LEP needs to satisfy Portsmouth City Council as Accountable Body for the Fund about the project and assistance meeting State Aid regulations. This will also be part of the due diligence process (see below). Portsmouth City Council, as the Solent LEP's Accountable body for the Local Growth Fund, will enter into all funding agreements on behalf of the Solent LEP. The Solent LEP's liability will always be limited to the value of its agreed investment.

For specific details – including aid intensities, the incentive effect and eligible costs – applicants must refer to the relevant part of the Regulations. Further information is available at:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/15279/The\\_English\\_Risk\\_Capital\\_Investment\\_State\\_Aid\\_Scheme.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15279/The_English_Risk_Capital_Investment_State_Aid_Scheme.pdf)

## **3.3 Fund Definitions**

### **3.3.1 Potential High-Growth Businesses**

Applications from existing businesses will need to demonstrate how their proposal meets the high growth aspirations of this Fund. Applicants should note that the Fund will be using the generally accepted OECD definition<sup>1</sup> of high growth businesses, which is as follows:

"All enterprises with average annualised growth greater than 20% per annum, over a three year period should be considered as high-growth enterprises. Growth can be measured by the number of employees or by turnover."

Therefore, established SMEs who wish to apply to the Fund will need to demonstrate growth of 20% per year over a three year period in terms of number of employees or turnover.

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<sup>1</sup> "Eurostat – OECD Manual on Business Demography Statistics" (ISSN 1977-0375) - refer to web link below for further information: <http://ec.europa.eu/eurostat/ramon/statmanuals/files/KS-RA-07-010-EN.pdf>

Recently established businesses that have been trading for less than three years should include detailed business forecasts, which include financial projections showing turnover or employment growth of 20% for the next three years.

Start-ups who have yet to begin trading who apply to the Fund will need to include detailed business forecasts, which include financial projections showing turnover or employment growth of 20% for the next three years.

### **3.3.2 Improving Business Productivity**

The Solent, including Havant, is not as productive as it should be, when benchmarked against the wider south east. Business can apply for funding to support improvements in productivity through new processes / products / services, which may include new equipment or new business premises. Applications should explain how the investment will improve the productivity of their business and how this will help the business grow.

### **3.3.3 Developing New Markets**

Following the EU referendum outcome, it is recognised that whilst there are short term opportunities to trade overseas, supported by a weaker Sterling, in the medium to longer term businesses in the UK will need to consider new and different international trade markets. Businesses who are seeking funding to support trading activity should explain the nature of the market they are seeking to develop, and quantify (as best as possible) the scale of that market, setting out the measures the business will undertake to develop the opportunity.

### **3.3.4 Start-Up Businesses**

If you are applying as a start-up business, in order to bid to the Fund your business must be registered with Companies House but not have begun trading at the time of application. Your business must demonstrate credible evidence that it has potential to grow quickly.

### **3.3.5 Economic Impact**

It is recognised that the EU referendum outcome, the fall in the price of oil and gas, or the market for steel are having impacts on businesses in Havant. It is also recognised that there are instances of business re-structuring and stalled investment, which are also having an economic impact and resulting in challenging trading conditions.

The weakened sterling may provide a short-term boost to exports, but in the longer term this advantage may give way to increased exporting costs to the EU, and there may be a need for businesses to reduce costs to become more productive and competitive, and develop new markets.

The LEP is keen to hear from individuals who are at risk of redundancy and who are considering starting-up their own company. Start-up business applications will need to demonstrate how the lead applicant has been impacted by one or more of these economic events. In addition, the LEP is also keen to hear from existing businesses that are experiencing challenging trading conditions as a result of an economic impact within their supply chain. Existing businesses applying to this Fund will need to clearly demonstrate that their business has been negatively impacted by one of more of these economic events, and evidence will need to be provided.

### **3.3.6 Direct creation or safeguarding of Private Sector Jobs**

Businesses are encouraged to demonstrate the direct creation of new or safeguarding of existing, sustainable private sector full time jobs. For the purposes of this fund, a full time job is one of 30 or more hours a week. Two part time jobs of 15 or more hours a week count as equivalent to one full time job. Please note that only staff employed by the applicant business and on the payroll of the applicant business will be considered as eligible.

Any jobs safeguarded must be full time employees on the payroll of the applicant businesses whose positions are genuinely at risk and, if funding is not secured, would most likely be lost within the following 12 months.

Jobs directly created or safeguarded would need to be **retained for a minimum of two years** after the project is completed.

Bids which demonstrate that they create a higher number of new jobs directly will be considered stronger. Applicants should also note that the Investment Panel will look closely at the cost per job as part of their consideration of each application. Over the previous rounds of Solent LEP business support funds, the average cost per job has been in the region of £6,000 of Solent LEP funding per job created. It is recognised that in some technical areas of activity the cost per job will be higher.

# 4 Eligibility Criteria

## 4.1 Geographical Eligibility

The focus of the Fund is to support SMEs, which are registered in the Havant Borough Council area. If your registered business address is outside of the Havant Borough Council area, but your premises are within the Havant Borough Council area, please highlight this on your application form.

The Solent LEP strongly recommends potential applicants check that they are situated in the area eligible for funding before applying. Please refer to the map here: [http://www3.hants.gov.uk/havant\\_ward\\_boundaries2007.jpg.jpg](http://www3.hants.gov.uk/havant_ward_boundaries2007.jpg.jpg).

## 4.2 Business Eligibility - SME

If you are applying as an established business, in order to bid for the Fund your business must qualify as an SME as per the EU definition summarised in the text and table below. In addition, it is a requirement that any grant recipient remains as a SME for the duration of the delivery of the project.

For the purpose of the Fund, SMEs are defined under the “SME” definition in Annex I of Commission Regulation (EC) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty (the “General block exemption Regulation”). 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 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.

The definitions of SMEs are summarised in the table below. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Enterprise category	Headcount	Turnover	or	Balance sheet total
Medium-Sized	< 250	≤ € 50 million		≤ € 43 million
Small	< 50	≤ € 10 million		≤ € 10 million
Micro	< 10	≤ € 2 million		≤ € 2 million

Further information is available from the following web link:

[http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)

## 4.3 Management Buy-Outs (MBOs) and Company Acquisitions

Projects seeking funding for MBOs and company acquisitions will not be eligible to apply.

## 4.4 Franchises

Applications from businesses established under a franchise will **not** be considered eligible. The process of franchising already confers significant benefits to the franchisee in terms of permitted use of an established brand name, adoption of a tried and tested business model, and in many cases assistance with marketing and reduced start-up costs. This fund is seeking to support as diverse an SME base across the Havant area as possible; accordingly franchise applications will not be considered eligible.

## 4.5 Bid Thresholds

Funding of between £10,000 and £75,000 are being made available.

## 4.6 Private Sector Investment

The amount sought from any of these funds must contribute to a project alongside **confirmed and secured** private sector investment. Funding leveraged in as private sector investment needs to demonstrate a real stake in the outcome of the project or programme. The expectation will be clear, demonstrable leverage.

Start-up businesses and business impacted by recent economic events applying for funding will need to demonstrate a minimum 60% private sector contribution. For example, if the overall project cost is £100,000, you would be able to bid for a maximum of £40,000 from the Fund.

Existing businesses applying for funding to support high-growth will need to demonstrate a minimum 80% private sector contribution. For example, if the overall project cost is £100,000, you would be able to bid for up to £20,000 from the Fund.

Please note that the percentages outlined above are the minimum level to ensure your bid is eligible. Bids which demonstrate that they can leverage more private sector investment will be considered stronger.

Contributions of services donated in-kind can qualify as a private sector contribution. However, contributions in-kind will need to prove additionality; that the in-kind contribution would not materialise without support from the Solent LEP fund to the project. For competitive purposes, this will be judged by the panel. For example, if two projects were in

all other ways similar and one had a cash contribution and the other had a contribution labelled as labour and expertise and not monetised, the former would be favoured.

## 4.7 Sectors and activities which cannot be supported

Applications can only be made for new projects seeking capital funding. As such, funding **WILL NOT** be provided to cover businesses existing working capital or revenue costs. For clarity this includes items such as salaries, rent, rates, utilities, stock and raw materials.

Please note that any costs incurred prior to the submission of an application will be considered as sunk costs and cannot form part of the project's eligible costs.

Please note that the following activities/sectors **CANNOT** be supported under any circumstances by the Fund:

- undertakings active in the fishery and aquaculture sectors;
- activity in the primary production of agricultural products;
- undertakings active in the processing and marketing of agricultural products when the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned or when the aid is conditional on being partly or entirely passed on to primary producers;
- aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
- aid contingent upon the use of domestic over imported goods;
- undertakings active in the coal sector;
- acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward.

If you require any further information in relation to any of the above points please contact us using the contact information in section 10 of this document.

## 4.8 State Aid

Following the EU referendum outcome, the UK will remain a member of the EU until negotiations have been finalised so currently, and until the formal exit, State Aid rules will still apply.

State aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU). The definition of state aid is very broad because 'an advantage' can take many forms. It is anything which an undertaking (an organisation engaged in

economic activity) could not get on the open market, such as the funding offered under the Havant Business Support Fund.

In principle, state aid is not allowed in the EU. However, some state aid is beneficial to the economy and supports growth and other policy objectives. State aid can be given to support a wide variety of activities including research and development, environmental protection and aid for small to medium-sized businesses. The state aid rules allow for good aid, which is necessary to deliver growth and other important objectives.

The UK complies with the need for effective state aid rules to prevent distortion of competition and to create an open and competitive market in the EU on which UK firms can fairly compete and grow.

Funding awards from the Fund will only be made to businesses with proposals which are compatible with EU state aid regulations, and applicants should be aware that their proposal will be scrutinised accordingly. Applicants should note that the responsibility for ensuring their application for funding is compliant with state aid legislation is theirs, and they may wish to seek advice accordingly. Applicants should refer to the links below for further general information on state aid:

- <https://www.gov.uk/guidance/state-aid>
- <https://www.gov.uk/government/publications/state-aid-the-basics>
- [http://ec.europa.eu/competition/state\\_aid/overview/index\\_en.html](http://ec.europa.eu/competition/state_aid/overview/index_en.html)

#### Smaller Grants - De minimis Aid

De minimis aid is used to describe small amounts of state aid that do not require European Commission approval.

The European Commission considers that public funding which complies with the de minimis regulation has a negligible impact on trade and competition, and does not require notification and approval. The total de minimis aid which can be given to a single recipient is €200,000 over a 3-year fiscal period.

The maximum de minimis funding any single recipient can receive is €200,000 (cash grant equivalent) over a 3-year fiscal period. 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 over the previous 3 fiscal years including grants, loans, subsidised contracts and so on.

#### Larger Grants - General Block Exemption Regulation

Larger grants (above €200,000) offered by the Fund would constitute aid that can be offered under the General Block Exemption Regulation (GBER). Unlike the de minimis aid category

for the smaller grants, the GBER is significantly more complicated, and applicants should refer to the links below for further information:

- [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/325465/bis-14-943-state-aid-general-block-exemption-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325465/bis-14-943-state-aid-general-block-exemption-guidance.pdf)
- <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1404295693570&uri=CELEX:32014R0651>

## 5 Assessment Criteria

All Funds will be allocated on a competitive basis. Only the strongest bids will be successful, assessed against the following key measures, in relation to one another (not all may be relevant for all applications):

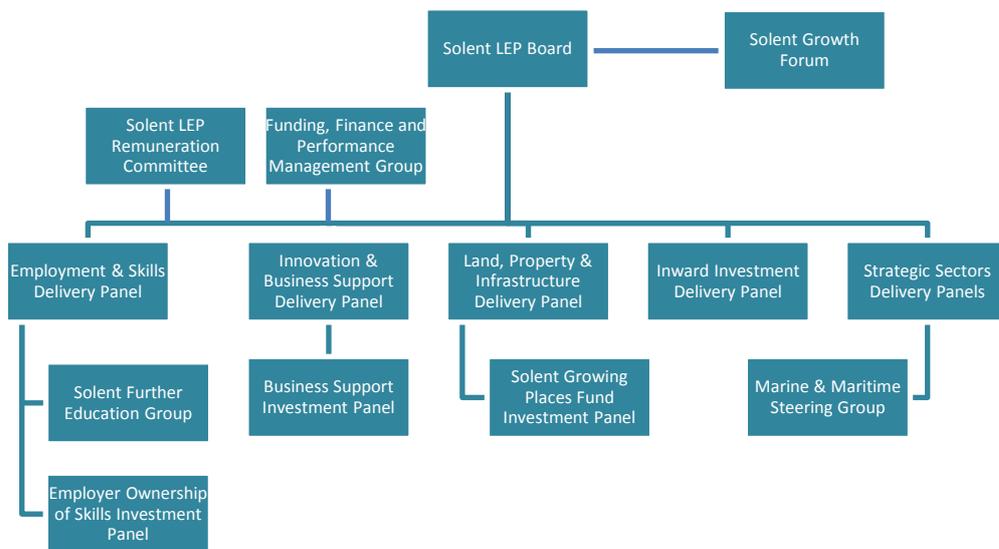
Strategic Fit	Fit with the published focus of this fund (sections 2 and 3)
High Growth Potential	The degree to which the proposal demonstrates alignment with the high-growth aspirations of the fund (as set out in 3.2.1)
Productivity	The degree to which the proposal supports an increase in productivity in the applicant business through the introduction of new processes / products / services.
International Trade	The degree to which the proposal clearly identifies new markets for development or growth in existing markets, and quantifies the scale of that market.
Economic Impact	The provision of clear evidence of economic impact on the applicant business (e.g. the decision of the UK to leave the EU; the downturn in the oil and gas industry; the global steel market; restructuring within the supply chain), resulting in challenging trading conditions.
Risk	The degree to which the applicant business has considered, identified and mitigated for project related risks.
Finances	The current and historical trading position of the applicant business, and the deliverability of associated financial projections.
Timing	That the project and associated outcomes are deliverable within the published timeframes of the fund.
Private Sector Investment	The amount and scale (as a percentage of the total project costs) of private sector investment unlocked by the project.
Jobs	The value for money achieved when compared with the fund benchmark, sustainability and total number of jobs directly created / safeguarded.
Additionality	The likely impact of the funding on the speed or scale of outcome delivery and the extent to which the funding could shift economic activity from other areas.
Wider Economic Impact	The inclusion of additional benefits or outcomes which the project may have on Havant and broader Solent area (e.g. indirect employment; growth in LEP priority sectors; supply chain benefits).

Final decisions on the bids to be supported by the Fund will be made by the Business Support Investment Panel, the Solent LEP and the Accountable body for the scheme, Portsmouth City Council.

All applications will be evaluated by an Investment Panel. For projects which are requesting in excess of £100,000 the Panel will make recommendations to the Solent LEP Funding, Finance and Performance Management Group to inform their decision making process in respect of these bids.

Please note that decisions taken by the Investment Panel in relation to which projects to support, or to recommend for support, are final and there will be no right of appeal.

## 5.1 Investment Panel for Consideration of Applications



The Business Support Investment Panel sits within the Solent LEP Governance Structure as shown on the preceding page. The Panel will have regard for, and act in accordance with, the agreed scheme of delegation and the Solent LEP Assurance Framework.

Further information regarding the Business Support Investment Panel can be found on the Solent LEP website.

# 6 Other Information

Please note the below targets which will be considered by the Investment Panel when assessing bids. These are not eligibility criteria, but will be used as part of the competitive assessment process. Individuals in any business sector, and of any age or gender, may apply to the Havant Business Support Fund.

## 6.1 Equality Act

In developing this Fund, the Solent LEP has been very mindful of the obligations under the Equality Act 2010 and in particular the impact of the proposals on groups with protected characteristics. A preliminary Equalities Impact Assessment has been undertaken in relation to this Fund and the LEP considers that there is no adverse impact on groups with protected characteristics. Further information on Equalities Impact Assessment can be found here:

[https://www.portsmouth.gov.uk/ext/the-council/equalities/equality-impact-assessments-\(eia\).aspx](https://www.portsmouth.gov.uk/ext/the-council/equalities/equality-impact-assessments-(eia).aspx).

## 6.2 Demographic Focus

Whilst the fund is open to all established Havant-based SMEs and individuals looking to start-up, grow or safeguard businesses in the Havant area, the LEP will particularly welcome applications from the following demographic groups:

- Young entrepreneurs aged 16 - 24;
- Female entrepreneurs.

## 6.3 Legal

If the EU or Government withdraws, varies or substantially amends the running of the Scheme or its financing then funds will not be available and neither the Solent LEP, nor Portsmouth City Council (acting as the Accountable Body for the scheme) will be liable for any costs associated with applications.

Please note that the Solent LEP and Portsmouth City Council accept no liability for any costs incurred in the submission of full Application Forms in relation to The Fund under any circumstances.

Please note that payments from The Fund can only be made to business accounts – not direct to the accounts of any individual.

# 7 How to apply

To apply for funding, please complete the application form available to download from the Solent LEP website. It is strongly recommended that, before submitting an application form, you ensure that your proposed bid is eligible for the fund against the eligibility criteria included in section 4 of this document.

## 7.1 Pre-Application Support

For any applicants who wish to discuss their proposal prior to submission, the Havant Business Support Hub provides this service, which is free to access.

For further information, please visit [www.solentgrowthhub.co.uk](http://www.solentgrowthhub.co.uk), call 01329 820 898 or email [info@solentgrowthhub.co.uk](mailto:info@solentgrowthhub.co.uk).

## 7.2 Application

Applicants should note that the full application process require a level of detail similar to that required in order to access finance provided by the commercial banking sector.

Full application forms will need to be submitted electronically to

[funding@solentlep.org.uk](mailto:funding@solentlep.org.uk).

Deadline dates for the submission of applications can be found on the Solent LEP website.

Applicants should note that the Investment Panel will cease to meet once all funding is allocated. Therefore it is recommended that bids are submitted as soon as possible.

Please note that the Investment Panel will not be obliged to consider applications received after the relevant deadline.

## 7.3 When to Apply

The Fund is open for business all year round. The Investment Panel (see section 5.1 for details) will meet regularly during the year to make its investment decisions.

Full Application forms must be submitted by the closing date as published on the Solent LEP website in order to be considered. Any applications received after this time will be considered in the following round.

The Investment Panel will cease to meet as soon as all funding has been allocated. Therefore, applicants are advised to submit their applications at their earliest possible convenience in order to avoid disappointment.

Please note we can only deal with one application from each organisation or individual at any one time.

The LEP can only discuss the detail of applications with the named lead contact on the application form, unless permission is provided by the applicant to discuss more broadly.

The Investment Panel will use the information provided in the full application to make a decision as to whether to invest funds in a proposal. To assist with the decision making process some applicants may be offered the opportunity to present their proposals to the Investment Panel. This will depend on the value, complexity and risk associated with each proposal.

## **7.4 Due Diligence**

All submitted applications will be required to undergo a technical due diligence review. Projects will need to satisfactorily complete the process before funding is awarded subject to contract. There will be three stages to the process:

### **Funding Impact**

The Solent LEP will undertake an appraisal of the extent to which a proposal's benefits will be realised without the funding or the impact of the funding on the speed of delivery of the economic benefits, and the extent to which the funding will shift economic activity from other areas.

Projects that can demonstrate a greater impact as a result of an investment from the Fund, will be looked at more favourably.

### **Financial appraisal**

The Solent LEP will not fund projects which would still be funded and be able to go ahead without investment from the Innovation Programme Fund. In other words, the LEP's funding must not replace other funding options, and applicants must demonstrate the need they have for investment from this fund. The Solent LEP will also provide only the minimum funding required to allow the project to progress. The financial appraisal stage, therefore, will seek to:

- Appraise the project financial position and test underlying assumptions;
- Identify the minimum funding needed to unlock the development;
- Consider the most appropriate form of investment (grant, loan, forward funding, equity funding);
- Evaluate the potential for recovery of the Solent LEP's investment through loan repayment, interest, share of returns, overage, or other models (where applicable);
- Understand pricing and marketing strategies for the project;

- Understand and consider the financial, commercial and market risks associated with the project;
- Review the level of optimism bias contained in the costings; and
- Gain comfort around deliverability / defrayal of funding within specified timescales.

The Solent LEP reserves the right to request additional financial information. The Solent LEP will also, where appropriate, enter into a three-way dialogue with the applicant and other parties in order to discuss the viability of a project (for example, with the local planning authority, where the viability of a scheme is impacted by the scale of the planning obligations).

#### Financial standing

Applicants will be required to undergo a thorough review of their financial standing.

Where funding has been advanced other than in the form of a grant, the Solent LEP will also consider the most appropriate form of security for its investment. This may involve the use of charges and guarantees as well as negotiation with existing financiers. An assessment of credit worthiness and collateralisation (for loan, equity or forward financing) will be required for all projects. The Solent LEP reserves the right to request additional financial information from any applicant. The Solent LEP also reserves the right to take account of an applicant's track record on investment recovery.

#### Deliverability

The Solent LEP will undertake a risk assessment for each shortlisted project. This will review risks in relation to:

- The ability to (re)start on site including a review of title, planning and site constraints;
- The development programme and underlying assumptions;
- The sales/revenue programme and underlying assumptions;
- Mitigation of potential cost increases; and
- Defrayal by agreed deadlines.

#### Financial appraisal

The financial appraisal stage will seek to:

- Appraise the project financial position and test underlying assumptions;
- Identify the funding needed to unlock the project;
- Understand and consider the financial, commercial and market risks associated with the project;

The Solent LEP reserves the right to request additional financial information

## Financial standing

Applicants will be required to undergo a thorough review of their financial standing.

An assessment of credit worthiness will be required for all applications.

The Solent LEP reserves the right to request additional financial information from any applicant. The Solent LEP also reserves the right to take account of an applicant's financial track record.

## Deliverability

The Solent LEP will undertake a risk assessment for each shortlisted project. This will review risks in relation to:

- The ability to start the project in a timely fashion;
- The development plan for the project;
- The likelihood of the stated outputs being achieved.

The Solent LEP also reserves the right to request further information or evidence from any applicant.

# 8 Post Award Requirements

Successful applicants to Havant Business Support Fund will be made a conditional offer of funding once a full proposal has been recommended for support by the Business Support Investment Panel. This conditional offer of funding will take the form of a legally binding contract and should be given due consideration before the terms are accepted.

In addition, each successful applicant will then be allocated a designated LEP contact, who will act as a single point of contact for any Havant Business Support Fund related enquiries.

Once the terms of the contract have been accepted, there will usually be a number of preliminary conditions which must be fulfilled prior to any claim for funding being submitted.

As a minimum, these will include:

- Submission of a detailed project delivery plan;
- Evidence that all private sector funding for the project is in place;
- Evidence that a business bank account is set up for receipt of the funding.

Once the preliminary conditions have been discharged, a claim for funding can be submitted. Payment of support will be made to an agreed funding profile. Any claim must be accompanied by a monitoring report. The monitoring report will ask beneficiaries to give a short description of progress made on activities that the funding is supporting and progress against agreed outputs, and evidence of expenditure for both the funding and locally funded components (for example invoices). At least once a year, all claims by a beneficiary must be verified by a qualified accountant independent of the beneficiary business and the project.

For all successful applicants, a minimum of 15% of their funding will be withheld until the point at which all outputs and all project costs defrayed, or the final claim date of 15<sup>th</sup> April 2018, whichever comes first.

## 9 Activity Timetable

Activity	Timeframe/Deadline
Formal launch of Fund	16 <sup>th</sup> December 2016
Deadline for submission of Full Applications for the current round	6 <sup>th</sup> January 2017 and bi-monthly thereafter. Details of future applications deadlines are available <a href="#">here</a> .
Investment Panel meeting to consider proposals for the current round	16 <sup>th</sup> February 2017
Deadline for submission of Full Applications for future rounds	As published on the Solent LEP website
Investment Panel meetings to consider proposals for future rounds	As published on the Solent LEP website
Notification of panel outcomes to applicants	Within 10 working days of panel meetings
Conditional funding offer letter issued	Within one month of notification of panel outcomes to applicants
Progress reports to be issued to the LEP until the final report deadline	Quarterly
Fund closes for final applications	1 <sup>st</sup> December 2017
Deadline for final claim submission	15 <sup>th</sup> April 2018 (Please note that the Solent LEP and Portsmouth City Council will be under no obligation to make payment against claims received after this date)
Deadline for creation of all contracted jobs and other contracted outputs	31 <sup>st</sup> March 2018
Deadline for final evaluation report submission	15 <sup>th</sup> April 2018
Deadline for final accountants' report	15 <sup>th</sup> April 2018

# 10 Contact Information

Should you have any general enquiries on any of the information included in this document, please contact the Solent LEP team using the below contact information:

**In writing:** Solent LEP  
Second Floor  
1000 Lakeside  
Western Road  
Portsmouth  
PO6 3EN

**By email:** [funding@solentlep.org.uk](mailto:funding@solentlep.org.uk)

**By Phone:** 023 9268 8924

Should you wish to discuss your proposal prior to submission to the Solent LEP, the Solent Growth Hub provides this service, which is free to access.

For further information, please visit [www.solentgrowthhub.co.uk](http://www.solentgrowthhub.co.uk), call 01329 820 898 or email [info@solentgrowthhub.co.uk](mailto:info@solentgrowthhub.co.uk).





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