



SOLENT LOCAL ENTERPRISE PARTNERSHIP

Pay It Forward

COVID-19 impact support fund
for small business

TOGETHER.STRONGER

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1. Executive summary

The Solent area is an internationally-recognised key economic hub comprising the Isle of Wight, the two cities of Portsmouth and Southampton, and a constellation of large towns along the M27 corridor, New Forest and the Solent waterway.

Solent Local Enterprise Partnership (LEP) brings together the private and public sectors to support and drive forward business and economic growth, particularly the development and growth of small and medium sized businesses (SMEs).

As the Solent faces the 2020 Coronavirus (Covid-19) pandemic, businesses are being severely affected with immediate effect. The Solent LEP Pay It Forward fund has been launched to supplement national Government help for businesses, and ensure the Solent economy stays strong.

The Solent LEP Pay It Forward fund is match funding against the Crowdfunder Pay it Forward scheme to assist with business cash flow pressures during the Covid-19 pandemic.

The impact of Covid-19 on micro and small businesses has been immediate. To ensure these businesses can access essential cash flow now, the Solent Local Enterprise Partnership (LEP) is redirecting £100,000 from their local growth SME fund to micro and small businesses through Crowdfunder's *Pay it Forward* campaign.

The Solent area is home to over 41,000 businesses, 89% of which are micro (1-9 people), and 9.3% are small (10-49 people).

How does it work?

1. Micro or small business sets-up a *Pay it Forward* campaign on Crowdfunder. This enables them to pre-sell their goods or services and diversify their offer to keep trading and stay connected with their customer base.
2. Micro or small business begins to crowdfund towards their financial target (set by themselves.) Donors are funding goods or services in advance covering everyday items or services through to unique ideas and merchandise.
3. Once the financial target is met match funding is applied for from the Solent LEP. Businesses are provided coaching support to help them get to their target.
4. Total sum of money is released to micro or small business.

About Crowdfunder's *Pay it Forward* Campaign

Crowdfunder and Enterprise Nation have set up *Pay it Forward*. Small businesses fighting for survival can set-up a ***Pay it Forward*** campaign to pre-sell their services and diversify trading *now* to ensure continuous cash flow. Crowdfunder is covering all platform and transaction fees making it 100% free to small businesses. Enterprise Nation is providing access to free training and support for business, to help with online sales, marketing, cashflow, and diversifying, if necessary.

2. Background

2.1 The Solent Local Enterprise Partnership

The Solent LEP is the key interface and lead for economic development in the Solent, an area (See map 1, below) that stretches from Hayling Island in the east, to the New Forest in the west, and includes the Isle of Wight and the two cities of Portsmouth and Southampton. The local authority areas covered by the Solent LEP are as follows:

- Isle of Wight
- Portsmouth
- Southampton
- New Forest
- Eastleigh
- Havant
- Fareham
- Gosport

Solent LEP is a partnership organisation between the business community, the Further Education and Higher Education sector, three unitary authorities, five district councils and one county council.

Collectively, these organisations are actively working together to secure a more prosperous and sustainable future for the Solent area, providing the resources and

economic environment which makes it easier for businesses and individuals to be productive, and where pioneering research is encouraged through support for relevant institutions.

For further information on the Solent LEP, please visit our website www.solentlep.org.uk

2.2 The Solent Economy and Business Support

The Solent economy generates just over £31 billion of gross value added (GVA); up from £25.6 billion in 2010. The SME business base has been a key component in this growth, illustrated in 2016 when 9,100 new enterprises were 'born' in the Solent LEP area cumulatively; an increase of 69.8% on the total born in 2010. Over the same period the annual rate of enterprise births in the South East increased by 51.6%, falling behind the Solent LEP areas individual growth. In addition to this, the Solent LEP area contributed a sizeable 20.5% of the net gain in enterprises recorded in the South East in 2016.

We are now seeking to support our SMEs through the Solent Pay it Forward fund, which aims to support SME businesses struggling to cope during the Covid-19 pandemic.



3. Fund Overview

The Solent LEP Pay it Forward fund aims to provide opportunities for existing micro and small businesses seeking to cope in challenging trading conditions as a result of the COVID-19 pandemic.

The Solent LEP Pay it Forward fund is an open call for projects that can demonstrate how they will help a business cope with current challenging trading conditions. There is a maximum of up to £2,000 per micro business (fewer than 10 staff) and up to £5,000 per small business (fewer than 50 staff) available, contributing up to 50% towards the total project costs.

The fund is open from 27 March 2020 until further notice. To apply follow the guidelines in section 5. You will need to set up a Crowdfunder page for your business or project, and achieve at least 25% of your target to enable you to apply for the Solent LEP match funding.

If you would like to discuss any element of this fund beforehand, please contact the Solent Growth Hub team at enquiries@solentlep.org.uk or call 02392 688055.

4. Eligibility Criteria and supporting information

4.1 Eligibility criteria

In order to apply under the Solent LEP Pay it Forward fund, every applicant must:

- Qualify as a micro or small business as per the EU Definition available at: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en
- Be an existing business - if you are freelance or self-employed, you will need to evidence that you have been operating for at least 12 months.
- Can demonstrate that they have been adversely affected by COVID-19.
- Be located in the Solent area. A map of this area can be found at: <https://solentlep.org.uk/the-solent/map/>

4.2 Timeframe for Delivery

- Projects applying under the Solent LEP Pay it Forward fund must deliver the project between March and December 2020. Please also note that any costs incurred prior to the submission of your application are sunk costs and cannot be included in your total project costs.
- You must demonstrate through your application and supporting information that you have the resources, expertise and ability to carry out the project within this timescales.

4.3 Bid Thresholds and Intervention Rates

- Applications from micro businesses (fewer than 10 staff) must be seeking up to a maximum of £2,000 of funding support.
- Applications from small businesses (fewer than 50 staff) must be seeking up to a maximum of £5,000 of funding support.
- Funding support of up to 50% can be applied for up to the maximum grant values detailed above. Please note all project costs must be incurred directly by the applying business, not subsidiaries etc.

4.4 Trigger Points for LEP funding

- achieve 25% of the funding target, which must have come from at least 10 unique backers, to trigger the LEP funding pledge.
- achieve the total project target (at least 100%) to receive the funds.

Once you have set up your Crowdfunder page, and demonstrated that you meet the criteria for the Solent LEP fund, you will be directed to a simple online form to complete. The application will be reviewed by the Solent LEP team and we will be in touch to discuss this further with you. Please see the next section for further detail

5. Application, Decision and Funding Process

5.1 Fund Application

Your match-funding application once received will be assessed by the Solent LEP Executive who will review your application and supporting information and decide if your project meets the criteria set.

If there are more applications which meet the eligibility criteria than funds available, then the Solent LEP Board or their delegated representatives will decide which of the projects should be awarded a pledge of Solent LEP funds.

You will be contacted with a decision on your application. If we are not match funding your project, then it will need to be fully funded by pledges/donations from the crowd.

The decision of the match-funding assessors is final.

There is no provision to appeal. If your fund meets the criteria and is awarded match-funding, then you will be contacted to confirm the amount. We will then update your project to include our pledge and revise the fundraising target that the crowd must meet. You must then continue to fundraise until this target is reached. If the target is not reached, then you will not be able to receive match-funding.

5.2 Project Delivery

If your project is awarded match-funding and it has met its crowd-funding target then you can begin to start to deliver the project. Pledges from the crowd will be released for you to use by Crowdfunder UK using the MangoPay end-to-end payment technology. Match-funds from Solent LEP will follow later. All documents should be scans or copies, not originals. This process is distinct from the verification that is undertaken by Crowdfunder to validate the project at the launch stage.

5.3 Release of funds

The release of match-funds is subject to the crowd-funding target being reached. Match-funding pledges are released using MangoPay. To receive pledged monies project leads are required to set up an account so that funds can be transferred from Solent LEP.

5.4 Project evaluation

Once any match-funded project has been delivered we will require the project lead to provide an update on progress and carry out a simple evaluation of the project's outcomes. This is to highlight the benefits the project has delivered and to assure Solent LEP that match-funding was used to achieve the objectives outlined in the application. It is also a useful way of recording any additional outcomes that the project has achieved. This can be submitted on the Crowdfunder page and should be submitted no later than three months after your project has closed.