



SOLENT LOCAL ENTERPRISE PARTNERSHIP

Pay It Forward

**COVID-19 impact support fund
for small business**

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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, and to work towards supporting recovery plans as Government guidance evolves..

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 £600,000 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 Crowdfunder campaign has been set up, match funding is applied for from the Solent LEP. Businesses are provided coaching support to help them get to their target.
4. Once the first 25% of the financial target is met by at least 10 different donors, and if the application is approved in line with the eligibility criteria, Solent LEP will pledge its match funding.
5. Once 100% of the target is reached, the Solent LEP pledge is released to the 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 please follow the guidelines in section 5. You will need to set up a Crowdfunder page for your business or project, apply for the Solent LEP match funding, and achieve at least 25% of your target from a minimum of 10 different donors to enable you to receive the Solent LEP match funding pledge.

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 (Social Enterprises, Community Interest Companies and charities engaged in economic activity are also eligible) as per the EU Definition available at: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en
- Be an existing business with a sound trading history. This will be assessed by financial experts.
- If you are freelance or self-employed, you will need to evidence that you have been operating for at least 12 months.
- Demonstrate that their business has been adversely affected by COVID-19.
- Identify clearly that the LEP funding will be used to support existing unavoidable costs if your business has had to temporarily close, or costs that are essential in order for you to be able to start to recover / reopen in line with Government guidance
- Clearly explain how, with the help of LEP funding, your business will deliver direct economic benefit within the Solent area. Be located in the Solent area. A map of this area can be found at: <https://solentlep.org.uk/the-solent/map/>

Other Solent LEP funding

- You will **not** be eligible to apply for support from Solent LEP Pay it Forward if:
 - a. your business has already received Solent LEP funding for a project which is still live (i.e. has LEP funds yet to be drawn down or contracted outputs yet to be delivered), or;

- b. you have been awarded funds from Portsmouth City Council's Pay it Forward scheme.

- If your business has received Solent LEP funding for a project which has already been delivered in its entirety (all LEP funds drawn down and all contracted outputs delivered) you **will** be eligible to apply for support from Solent LEP Pay it Forward.

Party Political Activity

- The Solent LEP administers all funding in accordance with the National Local Growth Assurance Framework. In line with this framework, the Solent LEP has a responsibility ensure when using or authorising the use by others of the resources of the Solent LEP, that such resources are not used improperly for political or personal purposes (including party political purposes). On this basis, organisations whose purpose is related to party political activity will **not** be eligible for LEP funding.

4.2 Timeframe for Delivery

- Projects applying under the Solent LEP Pay it Forward fund must deliver the project between March 2020 and March 2021¹. 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 timescale.

¹ Project timings are dependent upon general COVID-19 guidance from Government, which will be kept under review by Solent LEP.

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 (between 11 and 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 organisation making the application for LEP funding, and not subsidiary or related companies.

4.4 Trigger Points for LEP funding

- The application for Solent LEP funds can be made as soon as the Crowdfunding campaign has been set up.
- The campaign must achieve 25% of the funding target, which must have come from at least 10

different backers, to trigger the Solent LEP funding pledge.

- Solent LEP match funding can only be applied for against the original target. If you add a stretch target, the Solent LEP match funding will not change as a result.
- The campaign must achieve the total project target (at least 100%) to receive the LEP funds.

Once you have set up your Crowdfunder page, made it live, 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.

4.5 Publicity

Solent LEP will seek to support all projects approved for match funding through social media channels. All supported projects are obliged to work with Solent LEP on all appropriate publicity.

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.

As part of this assessment, you may be asked for additional information to support your application. As the LEP funding is public funding there is a requirement for proper and proportionate due diligence.

You will be required to accept the fund terms and conditions as part of your application for Solent LEP match funding.

If there are more applications which meet the eligibility criteria than funds available, then the Solent LEP Executive 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 from Solent LEP.

5.2 State Aid

Pledges from the Solent LEP *Pay it Forward* fund will only be made where they are compatible with

State Aid legislation. These funds are being offered as *de minimis* aid, and any businesses supported will need to confirm that they have not been in receipt of other *de minimis* aid that would result in their business exceeding the EU threshold of €200,000 over a rolling three-year period.

5.3 Project Delivery

You can begin to deliver your project at your own financial risk as soon as the application for Solent LEP match funds has been submitted. Pledges from the crowd will be held in an escrow account. Solent LEP match funds will be released to you by Crowdfunder once your campaign has closed and you have raised 100% of your target. .

5.4 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.

If you have set a stretch target, the amount of Solent LEP match funds awarded will not change as a result.

5.5 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.