

REGIONAL START UP CAPITAL FINANCE GRANT

The purpose of this fund is to help recently established small and medium sized businesses to be able to purchase necessary capital equipment, to aid their business growth and survival.

The fund is provided with the assistance of the European Regional Development Fund 2007 – 13 and One North East's Single Programme.

The following application conditions apply, to ensure that the support is targeted at where it is needed most:

Applicant Eligibility

Applicants may apply via the on line application process to the North East of England Investment Centre for consideration only if they satisfy the following conditions:

1. The applicant business must be in existence and within their first 12 months of trading up to the date of application only.
2. The applicant business must already be recognised as an Small or Medium Sized Enterprise (meeting the full European SME definitions) – with fewer than 250 staff, an annual turnover of less than £45.45m and be an autonomous enterprise (ie the business has no involvement in any other business, nor has any other business a stake in the applicant business).
3. The business must be legally registered as self employed with HMRC and be based within the North East of England geographical boundaries.
4. Applicant businesses will have been identified as having barriers which have impeded their start up and development – in line with identified barriers within One North East's Enterprise Journey and the Intensive Start-Up Support criteria.
5. The applicant business will have been defined at the start up stage as being eligible for the Solutions for Business - Intensive Start Up Support (ISUS) product by Business and Enterprise North East (Business Link) – meeting conditions for ISUS, as identified in the start up diagnostic tool, or:

The applicant business has been identified as having demonstrable high growth potential (increase in turnover, profit and staff recruitment) as a result of a business diagnostic undertaken by Business and Enterprise North East.

6. All applications will be conditionally linked to job creation or the safeguarding of jobs, for those early stage businesses successful in obtaining the support.

Eligible Expenditure / Activities

The financial support can be used for the purchase of one or a combination of the following:

- Manufacturing or operating machinery and equipment required for the business
- Essential office equipment
- Business ICT capital equipment and **specialist** software
- Other items of essential equipment or capital investment may be considered dependant upon the application and justification

All equipment requirements must be linked specifically to the needs of the business, as identified in any growth / business plans and factor in / consider the impact that they will have on the environment.

It is envisaged that items purchased will be new (not of a second hand nature)

All equipment purchased by the business must be retained for a period of five years (until December 2014 at the earliest) and remain within the region for that period.

Ineligible Expenditure

The following items are not eligible for support

- It is not intended that the scheme will cover either working capital, consumables items, provide for stock nor cover any VAT payments
- The fund will not support the replacement of any equipment, nor fund equipment which is legally required.
- Items for personal use such as personal motor vehicles, household electrical items and household goods will not be supported, nor will the fund support the costs of personal computers, cameras, mobile phones, shelving, household furniture, nor items of art
- Overheads and running costs such as equipment insurance payments, public liabilities, salaries, repairs, heating and lighting will not be supported, nor paying for items under any hire purchase / credit agreements
- Premises refurbishments will not be supported through the fund
- Support will not be available for retail, agricultural, fisheries, amusement arcades, betting shops, public houses, transport including bus, taxi, road haulage, maritime and aviation transport, self employed agents, ticket agents, landlords, providing legal or accountancy services, banking, insurance, money lending, debt factoring, hire purchase financing and other financial activities, independent financial advisers or projects which have as their objective the promotion of political or religious views, social clubs, night clubs, pornography, nudity, illegal or immoral activities

Level of Grant

- Support will be restricted to a minimum grant of £1,000 (matched with £1,000 of business cash contribution) and capped at £3,000 of grant (matched with £3,000 of business cash contribution) at a support rate of 50% of the eligible expenditure (the minimum value of any single item will be £250).
- In the case of a business meeting the application criteria, with demonstrable significant growth potential and where the applicant requires a significant amount of / or costly items of equipment (way in excess of the scheme limits).

These applications will be considered under exceptional circumstances by the NEEIC with joint input from One North East. A joint decision will then be made on the level of matched investment, subject to a £10,000 ultimate cap. It is anticipated that such support will be by exception rather than the norm.

Application Process

- Applicants will be restricted to one application in any 12 month period – new secondary applications to any subsequent fund must be for different equipment.
- All applications will be strictly undertaken via the NEEIC application process – including the use of an on line application form in line with eligibility conditions.
- As part of the application process, businesses will be required to provide evidence of a minimum of three quotations for any capital equipment, demonstrating how they will ensure they are obtaining value for money. Where there may be only one supplier, evidence will be required that other options had been explored to come to this conclusion.
- All awards will be strictly subject to a signed legal agreement and the terms contained there-in.

Scoring Criteria

The NEEIC scores each project on a range of criteria, set by One North East.

- All awards will be considered strictly against the investment criteria for all North East regional business support - a business will be required to score a minimum of 60% on the scoring criteria to qualify for any award (in line with the NEEIC scoring criteria).

Support Conditions

- All payments of grants will be made in arrears, subject to evidence of payment and receipt for the eligible capital equipment. (Evidence will be required to be of a certified / probative nature in order for the grant to be paid)
- VAT will not be paid as any part of the grant – applicant businesses will be encouraged to become VAT registered, to have the capability of claiming their own VAT back.
- Successful businesses who gain support via the NEEIC will be expected to comply with all publicity and marketing requirements of the two funding schemes.
- Successful businesses will be expected to demonstrate their commitment to Equal Opportunities through their business actions.
- Businesses supported through the fund may be subject to a visit by an ERDF / RDA auditor as part of the project management and verification process.



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