

The Growth Fund Eligibility Guide

To receive a grant, your business must be:

- A small or medium enterprise (SME – employing fewer than 250 employees and with an annual turnover of less than €50m or an annual balance sheet less than €43m. More info: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en).
- A business with existing operations in Gateshead, South Tyneside or Sunderland or planning to locate new operations in one of these three local authority areas.
- Eligible to receive European Regional Development Funding (ERDF). SMEs in the following sectors are not eligible for this Fund:
 - Agriculture
 - Fishery and aquaculture
 - Retail and other businesses that sell direct to the general public (consumers), where the proposed project involves capital investment in premises where products are sold or services are delivered to consumers, except where the proposed project involves the design or manufacture of products or is intended to generate business to business income
 - Banking
 - Insurance
 - Tobacco and tobacco products
 - Construction or decommissioning of nuclear power stations
 - SMEs which meet the State aid definition of “an undertaking in difficulty” are not excluded but may only receive support where the State aid regulations permit, though financial viability will need to be evidenced
- Planning an eligible project. The following activities are not eligible for this Fund:
 - Provision of local social welfare facilities e.g. hospitals, hospices, nursing homes, fire stations, child-minding facilities, sports facilities, parks, public libraries.
 - Building and renovation of housing.
 - Infrastructure in port facilities.
 - Provision of public services or activities to supplement public services e.g. social housing, school age education.

- Planning an investment involving eligible expenditure (see below for details) of at least £67,000 to expand existing operations in Gateshead, South Tyneside or Sunderland or establish new operations in one of these three local authority areas, leading to the creation of additional employment in the area.
- Planning to create additional employment commensurate with the level of grant awarded (guideline: 1 net additional full-time job per £10,000 of grant).
- Able to cash-flow the entire investment, as grants are paid in arrears. Grants may be paid in instalments, based on eligible expenditure incurred and defrayed.
- Able to finance the balance of the investment cost, as the grant cannot finance more than 30% of the eligible cost. Small companies (less than 50 employees, see SME definition above) may apply for up to 30% of their eligible expenditure and medium-sized companies up to 20%, in accordance with the State aid Regulations. The grant must be the minimum necessary for the investment to go ahead (see below).
- Able to complete the investment, including incurring and defraying enough eligible expenditure, by 31 May 2023.
- Able to achieve the agreed increase in employment by 31 May 2023.
- Able to maintain the additional productive capacity created by the investment for a minimum of 5 years following the completion of the investment; and:
 - where the grant is used to purchase premises, these must be retained for a minimum of 15 years;
 - capital works on a site owned by the grantee must also be maintained for a minimum of 15 years;
 - where the grant is used to acquire premises under a lease, these must be retained for a minimum of 5 years;
 - capital works on a leased site must be maintained for a minimum of 10 years;
 - plant, machinery and all other tangible assets must be maintained for a minimum of 5 years.
- Able to maintain the employment created by the investment for a minimum of 3 years following the creation of the posts.

- Able to show that the investment would not lead to the displacement of economic activity or employment in other businesses in the area.

What types of expenditure are eligible?

- Grant support may only go towards capital expenditure to which no legally binding commitment has been made and which leads directly to the expansion of an operation or the establishment of new operations in Gateshead, South Tyneside or Sunderland.
- ERDF procurement rules apply to all expenditure.
- Eligible expenditure may include any of the following items:
 - Land and buildings (land costs cannot exceed 10% of the total eligible investment cost, and professional fees should not exceed 12.5% of the total eligible works cost)
 - Premises lease costs
 - Premises fit-out costs
 - Plant, machinery and other capital equipment
 - Revenue costs directly associated with a capital investment, where eligible under ERDF rules (e.g. professional fees, installation costs etc.)

Additionality criteria:

The minimum grant that may be applied for is £20,000 and the maximum will normally be £200,000, unless the applicant can demonstrate that the project would create exceptional impact.

The amount of grant applied for must be the minimum necessary for the investment to go ahead. Applicants must be able to demonstrate either that they have exhausted all alternative sources of funding or that there is a credible reason why other finance such as a loan or equity investment could not be used instead of a grant.

Grants may only be awarded where there is credible, verifiable evidence of one or more of the following:

- That the investment would not go ahead without grant support.
- That the investment would not go ahead at the scale proposed without grant support.
- That the investment would not go ahead within the timescale of this programme (1 September 2020 to 31 May 2023) without grant support.
- That the investment would not take place in the area without grant support.



For further information or to apply contact UMi:

T: 0191 716 1010

E: thegrowthfund@weareumi.co.uk

W: www.thegrowthfund.co.uk