

## **GROWING HULL AND EAST YORKSHIRE BUSINESS INVESTMENT GRANTS**

### **DETAILED PROGRAMME GUIDANCE**

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## **1. Introduction**

### **1.1. Growing Hull and East Yorkshire**

Growing Hull and East Yorkshire is a £1.5m business investment scheme aiming to provide capital grants to SME businesses in Hull and East Yorkshire to support and incentivise business growth, investment and job creation.

The programme builds on the success and momentum of the successful Growing the Humber business grant programme. The scheme should be considered alongside other finance options such as bank loans or asset finance.

Grants of between £5,000 and £250,000 are available to SME businesses that are able to demonstrate viability and will contribute to the wider growth of Hull and East Yorkshire. Grants below the minimum threshold may be considered as an exceptional case.

Grants in excess of the maximum threshold will not be considered and the maximum threshold may be reduced to ensure that the programme is able to achieve its target for number of businesses supported.

## **2. Funding conditions**

### **2.1. Eligibility**

- 2.1.1. The investment and associated outputs must be within the Local Authority areas of Hull and the East Riding of Yorkshire.
- 2.1.2. Businesses will normally be expected to be able to demonstrate at least 1 year of trading activity and be able to supply at least one set of accounts (preferably audited) at the time of submitting an application.
- 2.1.3. New businesses and businesses that have been trading for less than 1 year may be considered by exception and will have a maximum grant cap of £20,000. Support will be subject to a review of previous trading history and experience.
- 2.1.4. Local service sectors such as retail, hospitality or leisure may be considered on a case by case basis providing they are able to sufficiently demonstrate that displacement is not likely to be an issue. Where there is any doubt, the onus is on the applicant to demonstrate that they are eligible for support.
- 2.1.5. Businesses operating within the fisheries sector will only be eligible for a Growing Hull and East Yorkshire grant when the European Maritime Fisheries Fund or any similar sector funding is unavailable.
- 2.1.6. Businesses must have and be able to evidence a clear and legal ownership structure. Links to other enterprises through ownership or common Directors/shareholders will be considered in appraising the application and calculating the eligible grant.
- 2.1.7. We welcome applicants seeking capital investment in support of innovation or training of staff where a clear link can be demonstrated to capital investment and meeting the programme requirements for output delivery.

- 2.1.8. Applicants will need to demonstrate, through the provision of the supporting information (i.e. Accounts, Management Accounts, Employee Headcount, Business Plan and Financial Forecasts) that the business is managed in a robust and compliant manner, has ongoing financial stability and can sustain the jobs created or safeguarded as a result of the investment.
- 2.1.9. Projects must be completed within 1 year of contracting or by 31<sup>st</sup> December 2021 (whichever is sooner). Failure to do so will be considered contractual non-compliance and may result in the funding offer being withdrawn (see 11.0)
- 2.1.10. Further information about programme eligibility can be found in the Annex.

## 2.2. Assisted Areas

- 2.2.1. Under State Aid regulations, some electoral wards in Hull and East Yorkshire previously benefitted from Assisted Area Status. This meant that companies operating in these areas were able to access enhanced support as a result of their location.
- 2.2.2. These thresholds will continue to be applied for the lifetime of the programme to ensure consistency and fairness in decision making, and to meet the requirements of the UK's Subsidy Control regime. Further information on eligible intervention rates can be found in Annex A.
- 2.2.3. To check whether your area previously had Assisted Area status, use the online tool at - [www.ukassistedareamap.com](http://www.ukassistedareamap.com)

## 2.3. Grant thresholds

- 2.3.1. Grants are awarded as a percentage (intervention rate) of the eligible project costs and will not exceed the maximum thresholds previously considered under State Aid regulations.
- 2.3.2. The programme will apply the following maximum grant thresholds:

Micro and Small Enterprises		Medium Enterprises	
Assisted Area	Non-Assisted area	Assisted Area	Non-Assisted area
<b>30%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>

N.B. See Annex B for definition of micro, small and medium enterprises.

- 2.3.3. The rates above are a maximum limit and the programme will not be able to award all grants at these rates. An average of 25% will be aimed for across the programme.
- 2.3.4. In the interests of administering the programme to meet targets and manage risk, the Investment Panel may offer a maximum of grant below the maximum aid intensity for the business.

## 2.4. Project costs

### 2.4.1. Eligible project costs can include:

- Plant and machinery
- Equipment
- Refurbishment, alterations and building works associated with the repurposing or extension of premises
- ICT – including specialist software and website development where the primary purpose is to create an additional sales platform

This is not an exhaustive list – if in doubt, please check with the programme Delivery Team or your Business Advisor

### 2.4.2. Non-eligible project costs include:

- Transport/vehicles
- Most activity associated with agricultural products and those identified as such within Annex I of the European Treaty (See Annex C)
- Costs associated with marketing, promotion and sales (including signage and branding)
- Revenue costs such as working capital, rental payments, overheads, consumables, salaries, recruitment and essential maintenance
- General IT software such as Microsoft Office packages and renewal of software licenses
- Any costs for which you have secured or will be able to claim another form of public funding. This could include the installation of a form of energy generation for which you expect to receive feed-in tariffs.
- Any costs incurred prior to application receipt.

Further information about items that are not eligible for funding can be found at Annex B. If in doubt, please seek advice from the Programme Delivery Team

2.4.3. Property purchases, while broadly eligible for support, are not a priority for the programme since the business is acquiring an appreciable asset and it is difficult to attribute job creation directly to the property purchase.

2.4.4. If a business wishes to expand through the purchase of premises, they will normally be expected to fund the purchase through other means but any required refurbishments and alterations may be funded with the aid of a grant.

2.4.5. In exceptional circumstances the Investment Panel may support a property purchase where a compelling case has been made to do so.

2.4.6. Assets must be purchased from third parties under market conditions. This can include assets acquired from other companies within the same group if the assets are independently valued.

2.4.7. The investment must be retained in the Hull and East Yorkshire region for at least three years after the whole investment has been completed. Plant or equipment that has become out-dated due to rapid technological change may be replaced as long as the economic activity is retained in the region for the minimum period.

- 2.4.8. Quotes for all project costs are required to evidence the eligible project cost and calculate the eligible grant. To ensure that value for money is being obtained, ideally three quotes should be obtained for major purchases. It is not always necessary for the chosen supplier to be the cheapest if a higher quote can be demonstrated to provide better value for money.
- 2.4.9. Where assets are purchased in a currency other than Sterling, the grant awarded will reflect the exchange rate at the time the payment leaves the contracted applicant's bank account.
- 2.4.10. Items obtained under a financial lease arrangement are eligible as long as the lease contains an obligation to purchase the asset at the expiry of the term of the lease.
- 2.4.11. The assets acquired may be pre-owned, however, in the case of takeovers, assets which have already been purchased with grant aid are not eligible.

## **2.5. Job creation**

- 2.5.1. Full Time Equivalent (FTE) jobs must be created or safeguarded in the business as a direct result of the investment. Jobs created will be recorded as project outputs and credited to the programme. The programme is required to maintain an average of 1 job created for every £15,000 grant issued
- 2.5.2. New jobs must be created within one year of completing the investment and will represent a net increase in or maintenance of the number of employees in the establishment concerned, compared with the average over the previous twelve months.
- 2.5.3. Safeguarded jobs must be satisfactorily evidenced as being at risk immediately prior to the investment. A clear link must be made between the investment and the safeguarding of jobs. A business investment will not normally be considered to safeguard all company jobs.
- 2.5.4. Relocation projects will only qualify for support where the relocation involves a significant increase in net employment or safeguarding of roles.
- 2.5.5. Temporary construction jobs are not eligible unless the jobs can be sustained for full the 3 year period. Individual construction projects will not normally be assisted but a project to expand the workforce of a construction company on a permanent basis could potentially be supported.
- 2.5.6. Further requirements relating to seasonal jobs, home-working and tele-working can be found at Annex E.

## **2.6. Acquisition of land/property**

- 2.6.1. Purchases of property are not a priority for funding and will only be considered in very exceptional circumstances. The onus will be on the applicant to make a persuasive case for funding.

- 2.6.2. In the case of acquisition of an establishment, only costs associated with buying from third parties will be eligible, and only where the transaction has taken place under market conditions, without the acquirer being in a position to exercise control on the seller, or vice versa. Where the acquisition is accompanied by other investment, the costs relating to the latter shall be added to the cost of the purchase.
- 2.6.3. Where the land and/or buildings have not been acquired but leased, previously granted state aid does not have to be deducted for the expired part of the period over which the lease was capitalised.

## 2.7. Legal Requirements

- 2.7.1. Activities undertaken by charitable organisations and other similar bodies may qualify as long as they are of a commercial nature.
- 2.7.2. The company undertaking the investment project must be viable and the project must have a good chance of being self-sustaining by the completion of the investment. The onus will be on the applicant to demonstrate viability of the business and the project via the supporting information they provide.
- 2.7.3. The applicant must be able to demonstrate convincingly that a grant is necessary for the project to go ahead at all or whether its quality, scale, timing or location (or any combination of these factors) would justify the provision of assistance.
- 2.7.4. If work on a project has started (including if items have been ordered) then it is not eligible for financial support. Grant funding should be claimed for work undertaken after an application has been submitted and an offer made.
- 2.7.5. In exceptional circumstances work on the project may commence **at the applicant's own risk** and with the approval of the LEP once receipt of the full application with all supporting information has been acknowledged.
- 2.7.6. Eligible project costs are exclusive of VAT and for the purpose of calculating the eligible grant are taken before any deduction of tax or other charge.

## 3. The Application process

- 3.1. Those wishing to apply for a Growing Hull and East Yorkshire grant will need to complete a two-stage application process.
- 3.2. The application process begins with an Expression of Interest (EOI) - a short form which broadly sets out your business and the project for which you are seeking funding. This will be subject to a basic gateway check that the business and project are eligible before an invitation to submit a full application is issued.
- 3.3. If there are any questions regarding eligibility arising from the EOI, applicants will normally be given an opportunity to clarify before an application is rejected. In some cases where there are still questions, an applicant may be invited to submit a full application to provide more detail on which to base a decision.
- 3.4. Projects that appear to be broadly eligible will be invited to submit a full application and provide more detailed information about the business and the project. As applications are

assessed on a first come, first served basis, in fairness to other applicants, an application form must be submitted by the set deadline by those wanting to access the grant.

3.5. The full application, including supporting information, has been designed to provide all the information required to make an informed funding decision. Applicants should therefore ensure that the information they provide is comprehensive and gives a good account of their plans. For reasons of practicality, applicants or their representatives will not normally be invited to meet directly with or present their applications to the Investment Panel.

3.6. The application process timeframe will vary from applicant to applicant, however, as a rough rule of thumb applicants should allow approximately 2-3 months from Expression of Interest to decision. This is broken down into the following process stages:

Stage	Timeframe	Notes
Expression of Interest	1 day – 1 week	A decision on whether the EOI can be progressed to full application will normally be provided within a week of the submission and in many instances within a day or two.
Full Application	1-2 months	Applicants will normally be given around a month to complete and submit their full application. Application deadlines are aligned to the Investment Panels so late or incomplete submission may result in a decision delay of a whole month.
Appraisal	1 month	1 month is allowed to appraise the application. This allows for legal and financial checks, seeking clarifications and additional information from the applicant plus circulation to the Investment Panel 1 week in advance of the meeting. The aim is for the application to be presented to the Investment Panel for review in the best possible shape for them to make an informed decision. Any outstanding issues are likely to result in a decision deferral.
Investment Panel decision	1 day – 1 week	The Investment Panel meets once a month to review funding applications. Applicants are normally notified of the decision within a week and in many instances within a day or two.

3.7. Time and care is taken during the application process to reduce the risk of issues arising for either the applicant or the programme after contracting. While we recognise the desirability of a speedy decision and attempts will be made to process an application as quickly as possible, applicants should be mindful that rushing the process is likely to be counter-productive for all concerned.

3.8. Applicants can, however, ensure that the time taken to process the application and obtain a decision is not unnecessarily extended by ensuring that they have all the required information to hand before starting the application process and respond to requests for information in a timely manner.

## 4. Completing the Expression of Interest

- 4.1. You should only submit your EOI on the appropriate form. Please submit to [funding@heylep.com](mailto:funding@heylep.com).
- 4.2. You will normally be contacted by a member of the programme delivery team within a day or two of submitting your Expression of Interest inviting you to submit a full application, asking for further clarifications, or advising if and why it is not possible to progress an application. In some circumstances holidays or sickness may increase the time taken to receive a response, however if you do not receive an email within a reasonable length of time, please contact the HEY LEP on 01482 485259
- 4.3. If you are invited to submit a full application, you will be sent a full application form with appropriate instructions.
- 4.4. At this point your application will normally be referred to a Growth Hub Business Advisor to provide free support with the application. Research suggests that working with a Business Advisor to complete the application greatly improves chances of success. If you do not wish for an advisor to contact you, let us know at this point, however the advisors have knowledge and experience of the application process so it is strongly recommended that you seek their input, particularly if the process is new to you.

## 5. Completing the online Application

- 5.1. All of the information asked for is key to the consideration of your application, and in completing the application you should be as thorough and comprehensive as possible. However, the accuracy of the following areas is particularly important so please consider these before starting the application:
  - 5.1.1. **Total project cost** – this should be consistent with your quotes and should represent what you will actually spend. Please do not estimate or round off the total amount as your grant will be calculated against actual spend.
  - 5.1.2. **Amount of grant requested** – we cannot consider requests that exceed the eligible State Aid intervention rate (percentage of total project costs) for your business or pose a risk to the programme targets (see 2.3). However, your grant should also fill a clear gap in your funding package. We will not necessarily award the full eligible grant if it looks like you could meet some of this cost through other means.
  - 5.1.3. **Full description of your project** – this should clearly explain what you intend to do rather than just what you want to achieve. For the purposes of this grant, the project is what you will be spending money on.
  - 5.1.4. **What jobs you will create or safeguard within your business as a direct result of this project** – FTE Job creation or retention is an essential output of the programme and you will be contracted to achieve the number of jobs you say you will. You will be asked to evidence these jobs as individual positions and in relation to overall company headcount so please be realistic about the number/types of jobs you can create or will safeguard that will be sustained for a minimum of 3 years. However, you should also be mindful of the programme's requirement to achieve 1 job for every £15,000 grant.



5.1.5. **What other funding options you have explored and the outcome** – The grant is intended to fill a gap in funding and therefore it is important that you show that you have already explored other options before requesting a grant.

5.1.6. **Why a grant is necessary and what will happen if the grant is not awarded** – The grant is intended to enable, accelerate or enhance a project so you should state clearly what effect not receiving a grant would have on the project.

5.1.7. **The main risks to your project and how you intend to address these** – Growing Hull and East Yorkshire operates within defined timescales and output requirements and any risk to the project is also a risk to programme delivery which could result in funding being revoked. It is important that you consider all risks to the delivery of your project and show that you can take steps to mitigate them in order to ensure your project is delivered on time and within budget.

5.1.8. **Breakdown of costs and timescales** – This should be consistent with your quotes and total project cost. Please be as thorough as possible in identifying the stages and purchases of your project as this will help us to understand when you are likely to make grant claims and assess the likelihood of your project being delivered within programme timescales.

5.1.9. **Details and status of any necessary planning permissions or other consents** – Due to the constrained timescales of the programme, it is vital that projects are ready to deliver as soon as a grant is awarded. Waiting for planning or other consents can cause delays so it is important that permissions are either already in place or that there is an evidenced expectation of them being granted imminently.

5.1.10. **Funding breakdown** – you will need to show that all the rest of the money needed to undertake your project is confirmed from appropriate sources before grant approval is considered.

5.1.11. **Declaration** – Please read and complete this carefully, particularly the sections about director/shareholder history. The programme delivery team will undertake basic background checks and any inconsistencies will be highlighted to the applicant. This can cause delays in processing your application and in some circumstances may result in the application being declined.

5.2. The application is not complete until you have provided a range of supporting information. You are asked to provide the following:

5.2.1. **Accounts (unabridged and audited where available) for the last three accounting periods and at least 1 set of accounts (draft as minimum) for trading businesses less than 3 years old** – this will help the Investment Panel assess the overall health of the business as well as identifying any potential Firm in Difficulty.

5.2.2. **Current management accounts and/or business bank account statements** – This will provide the most up to date financial information for your business since your last accounts, demonstrate appropriate financial management and help to interpret the financial forecasts.

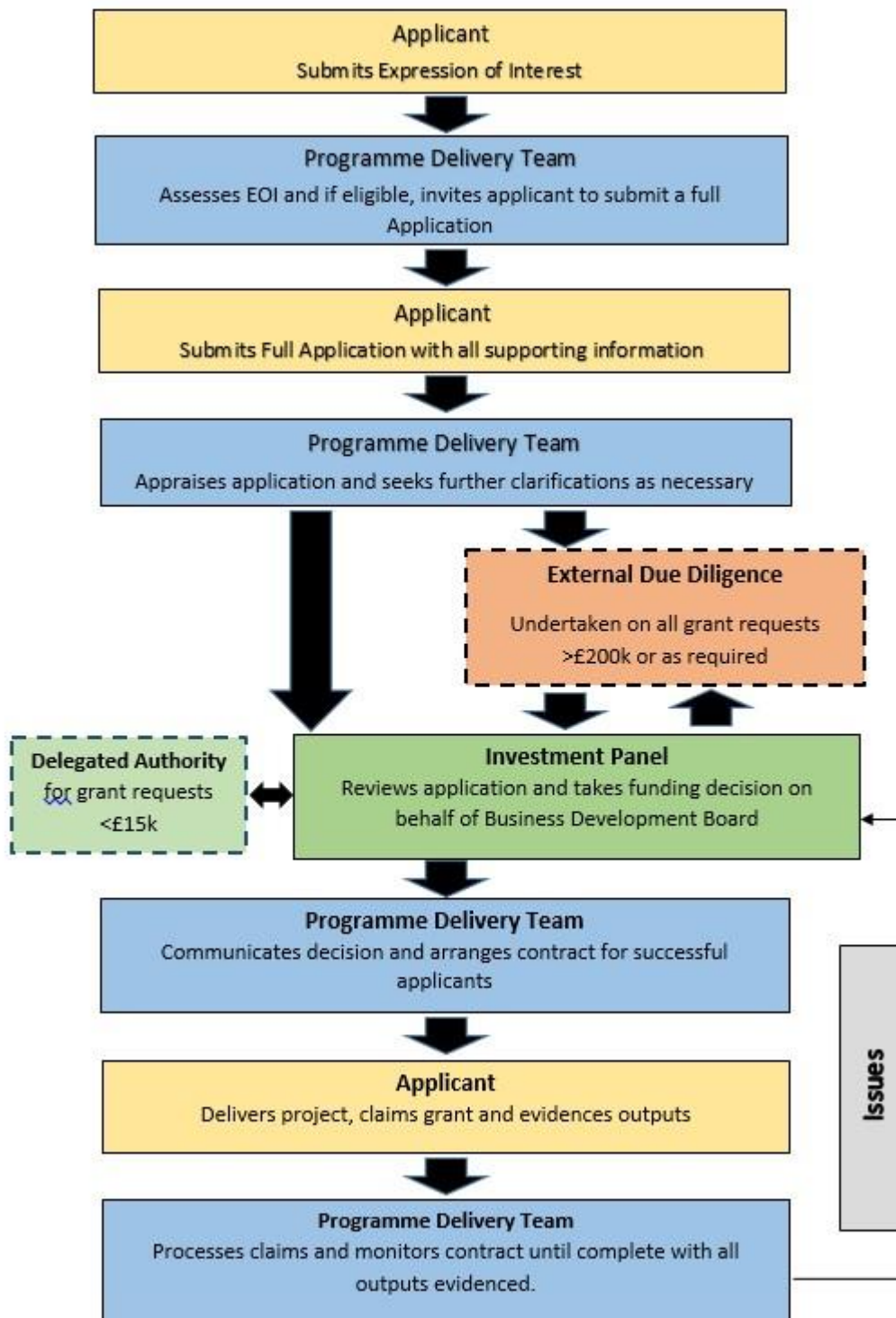
5.2.3. **Detailed financial forecasts (cash flow, profit and loss account and balance sheet) for the next full three years** – This will demonstrate your understanding of the business and its likely growth and should also provide comfort that the outputs required of the programme can be sustained for the necessary period. While it is not essential that

forecasts are produced by an accountant and it may not be appropriate to provide the level of detail expected of a larger enterprise, it is important that all businesses are able to demonstrate sound financial management and planning.

- 5.2.4. **Evidence of the total number of FTE employees within the business (e.g. directors letter confirming headcount etc.)** – This will support your application in confirming the size of your business and form the baseline for monitoring of jobs. **DO NOT INCLUDE ANY INFORMATION THAT BREACHES DATA PROTECTION LEGISLATION.**
- 5.2.5. **Business plan specific to or including this project** – the appropriate size and nature of the plan will reflect the size and nature of the business as well as the scope of the project. The Business Plan should provide the narrative to support the financial forecasts and demonstrate how the project fits with the company's overall plans and prospects for growth. As with financial forecasts, it is important that businesses of all sizes are able to demonstrate a sound understanding of the economic environment in which they operate and can plan for sustainability.
- 5.2.6. **Copies of all relevant permissions** (e.g. planning) – This may also include things like landlord consent for works undertaken to leased premises. As previously noted, projects must be ready to deliver and there is a strong expectation that permissions will have been sought (and preferably acquired) before a funding application is submitted. Because of this, associated costs are not eligible for funding and should be covered by the applicant.
- 5.2.7. **Evidence that the rest of your funding has been secured** - E.g. bank loan facility confirmation, finance agreement, letter of commitment from company directors. Where funds are being contributed by the company, we require a signed letter confirming the allocation of the relevant funds to the project and will check this against your management accounts and forecasts. In the case of a private loan or Directors Loan, a signed letter of commitment and evidence that the funding has been transferred to the business bank account will be required.
- 5.2.8. **Copies of quotations (ideally three for each significant purchase)** – Quotations are required to verify your project costs. Please supply final quotes as reducing or extending costs down the line can cause problems and may mean that another business loses an opportunity for grant funding.
- If more than one quote is supplied, please indicate clearly within the application or supporting information which is the preferred supplier. Likewise, if a quote provides costs for multiple options, please indicate clearly which the preferred option is. If this is not the cheapest quote, then you should also indicate why this represents the best value for money.
- 5.2.9. Once you have submitted the application you will receive a confirmation of receipt and may be contacted again for further information or clarifications once an appraisal of the application is underway.
- 5.2.10. The application form and associated documentation will be treated with the strictest of confidence. If you need assistance in completing this application form you can use your professional advisor/accountant, or the business support identified in the communication inviting you to full application. You can also email the HEY LEP at [funding@heylep.com](mailto:funding@heylep.com) or approach your Local Authority's Economic Development team.

## 6. Appraisal and decision making

- 6.1. In order for a project to be eligible for grant funding it must comply with the programme criteria in addition to EC or other State Aid rules. However, Growing Hull and East Yorkshire is a competitive, discretionary programme and must meet predetermined economic targets. Meeting the criteria alone does not guarantee that an award will be made.
- 6.2. The application will be appraised initially by members of the Programme Delivery Team and Accountable Body, then by the HEY LEP's volunteer, private sector Investment Panel who will make the final decision. The full application form **and all supporting information** must be submitted before an application can be appraised.
- 6.3. An assessment of the overall quality of the project will be undertaken to judge the level of assistance that will deliver value for money for the programme. Quality factors considered include the number of jobs created, the salary and skill level of these jobs and the likely impact on productivity improvement.
- 6.4. The appraisal process does provide opportunities for the applicant to clarify any inconsistencies or areas where the application can be improved. However, to minimise delays in the appraisal process it is important to ensure that all required elements are in place before an application is submitted and that requests are responded to in a timely manner.
- 6.5. If the application is complex, incomplete, requires additional due diligence or the applicant does not respond to requests for information in a timely manner, a decision may be deferred.
- 6.6. Your application may be subject to a due diligence check and/or finance and legal checks which will normally be undertaken as part of the appraisal process but in some circumstances may take place after the Investment Panel meeting at the request of the Investment Panel.
- 6.7. We will normally aim to advise you of the decision by email within 1-2 days of the Investment Panel meeting. Grant offers may be subject to some specific terms and conditions which will be highlighted at this point.
- 6.8. Grants are awarded at the discretion of the Programme Delivery Team and HEY LEP Investment Panel and are subject to the availability of funds, the terms of the grant offer and receipt of the full amount of funding from the relevant Government department. If the full amount of the funding is not awarded by the Government department, then Hull City Council acting as the Accountable Body reserves the right to cease to fund the Grant without notice.
- 6.9. If applicants are unhappy with their decision, they will be offered an opportunity to appeal.
- 6.10. The decision making process is illustrated below:



## 7. Contracting

7.1. Following the approval of a grant award by the Investment Panel, an offer letter will be sent to the successful applicant that clearly sets out the conditions of the offer. At this stage a Monitoring Officer will be assigned to the project who will process grant claims and monitor the progress of the project

7.2. The Monitoring Officer will make contact to ensure that the implications of accepting the fund are fully understood and acknowledged.

- 7.3. Successful applicants will have **2 weeks** from receipt of the offer letter to contract or risk losing their grant award.
- 7.4. The maximum amount payable for the support of the project will be fixed in the Grant Offer Letter. Any minor changes to the project will require approval from the programme Delivery Team.
- 7.5. Any material change to the Project will require a formal project variation request and the approval of the Investment Panel

## **8. Making a claim**

- 8.1. Grants are paid **in arrears against proof of spend** and achievement of milestones. Applicants must ensure that they have sufficient cash flow to make purchases in full ahead of drawing down the grant.
- 8.2. Grants can however be claimed in stages against expenditure incurred to date. It is not necessary to complete the entire investment before drawing down any grant.
- 8.3. Grant Claims will need to be accompanied by invoices and evidence of payment (for example bank statements). This should be provided in electronic format with original copies held by the beneficiary. This evidence will be verified by a monitoring visit.
- 8.4. Where grant claims are made for items on a proportional basis itemised records to demonstrate how the amounts that are eligible for grant funding relate to each of the original invoices and/or salary records should be provided.
- 8.5. The total amount of grant payable will be either the maximum sum specified in the Grant Offer Letter, or (if less) an amount calculated by applying the relevant intervention rate to the actual eligible expenditure.
- 8.6. The intervention rate must be maintained throughout each grant claim.
- 8.7. No grant payments will be made unless any grant conditions have been complied with.
- 8.8. No expenditure incurred before the start date indicated in the offer letter will be eligible for grant funding. Likewise, any claim made after the end of programme deadline will not be eligible for funding.

## **9. Monitoring and evaluation**

- 9.1. Milestones agreed with the Monitoring Officer at contract stage, will be regularly reviewed to check whether there are any material changes, significant risks or issues that will affect the programme delivery.
- 9.2. Progress reports will be necessary at the point of making a claim or by request. The completion of these progress updates is a conditional element of the funding and failure to supply them could result in a grant offer being revoked.
- 9.3. Progress monitoring/site inspection visits will be undertaken throughout the lifetime of the project. Reasonable notice will be given of these visits.

- 9.4. Grant recipients must keep a record of all eligible expenditure (receipts, invoices etc.), all quotes, tenders and procurement practices and all financial contributions made towards the Project.
- 9.5. The Programme Delivery Team will need to see evidence of new jobs created or safeguarded, including employment contracts and wage slips. Evidence of the total number of FTE employees within the business will need to be provided upon request (e.g. payroll report, directors' letter confirming headcount etc.).
- 9.6. Grant recipients are expected to support the evaluation of the programme by supplying case studies and participating in evaluation research as required.

## **10. Publicity Requirements**

### **10.1. In General**

- 10.1.1. All projects must ensure that the contribution of Growing Hull and East Yorkshire is appropriately recognised in all associated publicity, media and physical signage (both temporary and permanent). This is a requirement of the funding and adherence will be monitored by MHCLG and BEIS.
- 10.1.2. To illustrate how funding has benefitted local businesses and to support our case for additional funding for the area, the HEY LEP will be promoting projects funded with the support of Growing Hull and East Yorkshire with MPs, local partners and the public to ensure we can continue to support businesses.
- 10.1.3. In accepting any offer of grant assistance, it is accepted that the grant recipient agrees to participate in any publicity or advertisement organised by the HEY LEP and to the key project and contact details being included in such publicity material or on relevant websites.
- 10.1.4. Grant recipients will support the HEY LEP in the generation of publicity or advertisement material by contributing to the compilation of case studies, providing quotes and supplying or accommodating good quality photography to illustrate project progress.
- 10.1.5. If the grant recipient does not wish to participate in any identified publicity or advertisement, they must discuss this with the Programme Delivery Team.

### **10.2. Media Releases and Public Announcements**

- 10.2.1. Press or media announcements should ensure that the source of funding is properly acknowledged within the first main paragraph and that publicity requirements (including branding guidelines) are complied with.
- 10.2.2. Grant recipients should not make any press or public announcement relating to the project or funding agreement without the approval of the HEY LEP. The HEY LEP will be happy to supply appropriate wording to explain the funding and to provide an Investment Panel Member quote as required.

### **10.3. Plaques, billboards and other promotional material**

10.3.1. Where appropriate, it is expected that explanatory plaques, billboards or other promotional material indicating support will be displayed at the site where the investment has been made.

10.3.2. All artwork associated with such items should include the HEY LEP and Northern Powerhouse logos in accordance with the relevant branding guidelines.

## **11. Non-compliance**

11.1. Failure to comply with the terms of the grant, including monitoring and evaluation, could result in some or all of the grant being recovered.

11.2. The Accountable Body or its representatives are entitled to interview employees of the Beneficiary if fraud or other financial irregularity is suspected on the part of the Beneficiary.

11.3. The Beneficiary must not dispose of any interest in any Asset without knowledge of the Programme Delivery Team and the prior written consent of the Accountable Body for the period of three years from acquisition date.

## Annex A – Definitions

For the purpose of these Guidelines the following definitions shall apply:

a) “control” has the meaning set out in Article 3 of Council Regulation (EC) No 139/2004. Specifically, control shall be constituted by rights, contracts or any other means which, either separately or in combination and having regard to considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking, in particular by:

- ownership or the right to use all or part of the assets of an undertaking;
- rights or contracts which confer decisive influence on the composition, voting or decisions of the organs of an undertaking;

Control is acquired by persons or undertakings which:

- are holders of the rights or entitled to rights under the contracts concerned; or
- while not being holders of such rights or entitled to rights under such contracts, have the power to exercise the rights deriving there from;

b) “tangible assets” means assets relating to land, buildings and plant, machinery and equipment;

c) “intangible assets” means assets entailed in by transfer of technology by the acquisition of patent rights, licences, know-how or unpatented technical knowledge;

d) “firm in difficulty” means a firm that fulfils the following conditions:

- i. in the case of a limited liability company, where more than half of its registered capital has disappeared and more than one quarter of that capital has been lost over the preceding 12 months;
- ii. in the case of a company where at least some members have unlimited liability for the debt of the company, where more than half of its capital as shown in the company accounts has disappeared and more than one quarter of that capital has been lost over the preceding 12 months; or
- iii. whatever the type of company concerned, where it fulfils the criteria under domestic law for being the subject of collective insolvency proceedings;

e) “large investment project” means an investment in capital assets with eligible costs above €50m, calculated at prices and exchange rates on the date when the aid is granted;

f) “number of employees” means the number of annual labour units (ALU) (full time equivalent (FTE) staff), namely the number of persons employed full time in one year, part-time and seasonal work being ALU fractions;

g) “job creation” means a net increase in the number of employees directly concerned with the activity to which the investment relates, including employment created following an increase in the utilisation rate of the capacity created by the investment. The net increase is the increase in employment compared to the average number of employees over the previous 12 months;

h) “wage cost” means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned, comprising:

- the gross wage, before tax, and
- the compulsory contributions, such as social security charges; and
- child care and parent care costs;



- i) "small and medium-sized enterprises" or "SME" means undertakings fulfilling the criteria laid down in Annex B at the time that the grant is offered;
- j) "large enterprises" means undertakings not fulfilling the criteria laid down in Annex B;
- k) "project completion" is not defined in EC State Aid law. For the purposes of Growing Hull & East Yorkshire it is taken to mean the date three years after the final job output has been created.
- l) "transport sector" is not defined in EC State Aid law. For the purposes of Growing Hull & East Yorkshire it is taken to mean transport operators or carriers (bus operators, train operators, airlines, ship owners and operators, etc.) and transport network providers (e.g. rail networks, ports and airports). The transport sector includes road haulage (though as a liberated sector it is excluded from benefiting from most forms of State Aid). For the purposes of State Aid the transport sector does not include own transport, for example, where a supermarket carries its own goods by road in its own vehicles. It does not include freight forwarders, who merely organise shipments and warehouse goods, and it does not include vehicle, aircraft, rolling stock, ship, etc. manufacturers;
- m) "start of work" means either the start of construction work or the first legally binding commitment to order equipment, excluding preliminary feasibility studies, whichever is earlier;
- n) "agricultural product" means:
- i. the products listed in Annex I of the Treaty, except fishery and aquaculture products covered by Regulation (EC) No 104/2000;
  - ii. products falling under Council Note codes 4502, 4503 and 4504 (cork products);
  - iii. products intended to imitate or substitute milk and milk products, as referred to in Council Regulation (EEC) No 1234/2007;

Annex I of the Treaty is reproduced in Annex C.

- o) "processing of agricultural products" means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for the first sale;
- p) "marketing of agricultural products" means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose;
- q) "coal sector" means undertakings which carry out an activity in connection with coal production where 'coal' is defined as high-grade, medium-grade and low-grade category A and B coal within the meaning of the international codification system for coal laid down by the United Nations Economic Commission for Europe;
- r) "shipbuilding sector" means any undertaking which is involved in the building, repair or conversion of ships where 'shipbuilding' means the building, in the Community, of self-propelled seagoing commercial vessels;
- s) "synthetic fibres sector" means:
- i. extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end uses; or

- ii. polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used; or
  - iii. any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used;
- t) “newly created small enterprise” means a small enterprise which has been created less than five years ago (see footnote 77 to the EC National Regional Aid Guidelines (2006/C 54/08));
- u) “enterprise newly created by female entrepreneurs” means a small enterprise fulfilling the following conditions:
- i. one or more women own at least 51% of the capital of the small enterprise concerned or are the registered owners of the small enterprise concerned; and
  - ii. a woman is in charge of the management of the small enterprise;
- v) “steel sector” means all activities related to the production of one or more of the following products:
- i. pig iron and ferro-alloys: pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys;
  - ii. crude and semi finished products of iron, ordinary steel or special steel: liquid steel cast or not cast into ingots, including ingots for forging semi-finished products: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries;
  - iii. hot finished products of iron, ordinary steel or special steel: rails, sleepers, fishplates, soleplates, joists, heavy sections 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;
  - iv. cold finished products: tinplate, terneplate, blackplate, galvanized sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;
  - v. tubes: all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm.

## Annex B: Micro, Small and Medium-sized Enterprises

1. The definitions of micro, small and medium-sized enterprises are summarised as follows:

Category	Headcount	Turnover	or	Balance Sheet Total
Medium Sized	Fewer than 250	Not exceeding €50m		Not exceeding €43m
Small	Fewer than 50	Not exceeding €10m		Not exceeding €10m
Micro	Fewer than 10	Not exceeding €2m		Not exceeding €2m

2. For the purposes of the programme, the SME must be an 'autonomous enterprise' within the meaning of paragraph 1 of Article 3 of Annex I to the Commission General Block Exemption Regulation (EC 800/2008 (see below) on the date that the offer of RGF support is made. (*Annex I to the Commission General Block Exemption Regulation (EC 800/2008)*)

### Article 1: Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

### Article 2: Staff headcount and financial ceilings determining enterprise categories

1. 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 €50m, and/or an annual balance sheet total not exceeding €43m.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10m.
3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2m.

### Article 3: Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An 'autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.
2. 'Partner enterprises' are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25% or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

- a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses ('business angels'), provided the total investment of those business angels in the same enterprise is less than €1.25m;
  - b) universities or non-profit research centres;
  - c) institutional investors, including regional development funds;
  - d) autonomous local authorities with an annual budget of less than €10m and fewer than 5,000 inhabitants.
3. 'Linked enterprises' are enterprises which have any of the following relationships with each other:
- a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
  - b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
  - c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
  - d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

Enterprises having any of the relationships described in the first sub-paragraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An 'adjacent market' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

- 4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.
- 5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Community rules.

#### **Article 4: Data used for the staff headcount and the financial amounts and reference period**

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.
2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or microenterprise unless those ceilings are exceeded over two consecutive accounting periods.
3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

## **Article 5: Staff headcount**

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

- a) employees;
- b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;
- c) owner-managers;
- d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff.

The duration of maternity or parental leave is not counted.

## **Article 6: Establishing the data of an enterprise**

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.
2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these are added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

## **Annex C – Ineligible Activity**

The following activity is not eligible for funding and cannot be included in the total project costs:

- expenditure incurred on the project after the notified deadline or prior to acknowledgement of receipt of the full application
- costs incurred prior to the date of the Grant Offer Letter, unless agreed as part of the approval process
- overheads allocated or apportioned at rates materially in excess of those used for any similar
- work carried out by the Beneficiary at anything other than base salary rate
- working capital
- acquiring assets under a rental agreement where the applicant will not own the assets at the end of the agreed payment period
- acquiring assets for which additional public funding has also been secured or could be secured through payback schemes or similar.
- costs associated with the preparation of the funding application, including but not confined to consultancy fees and planning application charges
- retained or deferred payments of project costs incurred beyond the programme timescales
- marketing and sales development related activity, including signage and branding
- general administration costs
- notional expenditure
- payments for activity of a political nature
- depreciation, amortisation and impairment of assets purchased with the help of the Grant
- provisions;
- contingent liabilities
- contingencies
- interest charges
- service charges arising on finance leases, hire purchase and credit arrangements
- costs resulting from the deferral of payments to creditors
- costs involved in winding up a company
- payments for unfair dismissal
- payments for un-funded pensions
- compensation for loss of office
- bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders or a person connected with any of these
- payments for gifts and donations
- entertainments
- reclaimable VAT (if a Beneficiary which is not VAT registered at the time the Grant is awarded, registers for VAT during the lifetime of the Project or up to two years after receiving the final payment, they must notify the Council)
- statutory fines and penalties
- criminal fines and damages
- legal expenses in respect of litigation
- expenditure on activities of an exclusively religious nature
- expenditure supported from other government sources, local authority grants, charges paid
- any liability arising out of negligence
- payments made in advance of need
- any cost relating to insurance policies
- expenditure incurred as a result of a Material Change which has not been approved by the Accountable Body

## **Annex D: ``Annex I'' agricultural products**

Under State Aid regulations, products listed under Annex I of the European Treaty were subject to funding restrictions and therefore previously not considered eligible for programme support. At the time of writing (March 2021) the Government is consulting on the awarding of subsidies within the agricultural and fisheries sectors. In view of this and also to ensure consistency within programme delivery restrictions in relation to "Annex I" activity will remain for the lifetime of the programme.

The following list contains descriptions of the agricultural products found in Annex I of the European Treaty:

- Live animals
- Meat and edible meat offal
- Fish, crustaceans and molluscs
- Dairy produce; birds' eggs; natural honey
- Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof
- Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption
- Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
- Edible vegetables and certain roots and tubers
- Edible fruit and nuts; peel of melons or citrus fruit
- Coffee, tea and spices, excluding maté (heading No 09.03)
- Cereals
- Products of the milling industry; malt and starches; gluten; inulin
- Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder
- Pectin
- Lard and other rendered pig fat; rendered poultry fat
- Un-rendered fats of bovine cattle, sheep or goats; tallow (including 'premier jus') produced from those fats
- Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way
- Fats and oil, of fish and marine mammals, whether or not refined
- Fixed vegetable oils, fluid or solid, crude, refined or purified
- Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared
- Margarine, imitation lard and other prepared edible fats
- Residues resulting from the treatment of fatty substances or animal or vegetable waxes
- Preparations of meat, of fish, of crustaceans or molluscs
- Beet sugar and cane sugar, solid
- Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel
- Molasses, whether or not decolourised
- Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion
- Cocoa beans, whole or broken, raw or roasted
- Cocoa shells, husks, skins and waste
- Preparations of vegetables, fruit or other parts of plants
- Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol
- Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol



- Other fermented beverages (for example, cider, perry and mead)
- Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I to the Treaty, excluding liqueurs and other spirituous beverages and compound alcoholic preparations (known as 'concentrated extracts') for the manufacture of beverages
- Vinegar and substitutes for vinegar
- Residues and waste from the food industries; prepared animal fodder
- Unmanufactured tobacco, tobacco refuse
- Natural cork, unworked, crushed, granulated or ground; waste cork
- Flax, raw or processed but not spun; flax tow and waste (including pulled or garnetted rags)
- True hemp (*Cannabis sativa*), raw or processed but not spun; tow and waste of true hemp (including pulled or garnetted rags or ropes)

## **Non-“Annex I” products**

It is not possible to provide an exclusive definition of the term “non-Annex I good” since it represents all goods not listed in Annex I of the Treaty of Rome i.e. those which are made by processing the agricultural products listed in the basic agricultural product Regulations. Thus it covers the vast majority of manufactured foods. As a general guide, the term can be taken to include:

- ready meals
- bakery products
- flavoured yoghurts
- frozen sweet corn
- margarine (some)
- sugar confectionery
- chocolate confectionery
- malt extract
- pasta
- breakfast cereals
- ice cream
- bread
- biscuits
- sandwiches
- snack products
- frozen desserts
- pizzas
- potato crisps
- tinned sweet corn
- peanut butter
- sauces
- soups
- mineral water
- soft drinks
- spirits
- beer

## **Exceptions**

The following processed foods are specifically excepted from the term “non-Annex I good”:

- goods covered by the processed fruit and vegetable regime (for example, orange juice, tomato paste)
- first-stage processed products listed in the Annex I regimes (for example, cheese, jam, flour)

## Annex E: General Block Exemption Regulations

Awarding funding under a prescribed General Block Exemption regulation ensures that the programme is compliant with EC State Aid regulations governing the use of funding to give a competitive advantage to businesses.

### Regional Aid

Hull & East Yorkshire previously benefitted from Assisted Area Status in a number of its wards. Businesses investing in an Assisted area can be offered assistance under Regional Aid. An Assisted Area Map can be found at [www.heylep.com](http://www.heylep.com) and outlines the areas that are designated as an Assisted Area.

Regional Aid cannot be applied to the fisheries sector nor to the coal industry. Special rules apply to:

- transport and shipbuilding;
- no regional aid is allowed to the steel or synthetic fibres industry;
- large enterprise investments

### Key conditions

In order to be eligible for aid under the Guidelines, the project has to comply with the following key conditions:

- maintenance of the investment in the region for a minimum period of at least 3 years for SMEs) after its completion;
- financial contribution of the beneficiary of at least 25% of the eligible costs.
- the investment must be made and maintained within an Assisted Area

### Maximum aid intensities

The following are the previous awarded maximum aid intensities allowed under the Regional Aid regulation. The amount awarded under Growing Hull & East Yorkshire shall not exceed these levels but may well be less.

<b>Maximum Amount of grant – Small enterprises</b>	<b>Maximum Amount of grant – Medium enterprises</b>	<b>Maximum Amount of grant – Large enterprises</b>
Up to 30% total eligible project costs	Up to 20% total eligible project costs	Up to 10% total eligible project costs

### Cumulation

Aid intensity ceilings specified in the table above apply to total aid:

- Where assistance is granted under several regional aid schemes;
- Whether the aid comes from local, regional, national or Community sources.
- Where expenditure eligible for regional aid is eligible for aid for other purposes (e.g. R&D&I), it will be subject to the most favourable ceiling under the schemes in question.

## **SME Investment and Employment Aid**

Businesses that are investing in a part of Hull & East Yorkshire that does not benefit from the previous allowed Assisted Area status can be offered assistance under SME Investment and Employment Aid.

### Maximum aid intensities

The following are the maximum aid intensities allowed under the previous Regional Aid regulation. The amount awarded under Growing Hull & East Yorkshire shall not exceed these levels but may well be less.

<b>Maximum Amount of grant – Small enterprises</b>	<b>Maximum Amount of grant – Medium enterprises</b>
Up to 20% total eligible project costs	Up to 10% total eligible project costs

## **De Minimis**

The de Minimis rule sets a threshold figure for aid below which Article 87(1) of the EC Treaty of Rome can be said not to apply. The rule is based on the assumption that, in the vast majority of cases, small amounts of aid do not have an effect on trade and competition between Member States.

The De Minimis rule does not apply to the undertakings active in the fishery and aquaculture sectors, in the coal sector, and in the primary production of agricultural products listed in Annex I to the Treaty.

It applies, with a certain number of additional conditions, to undertakings active in processing or marketing of agricultural products. In the transport sector, De Minimis aid cannot be used for the acquisition of road freight transport vehicles. Finally, undertakings in difficulty are not covered by this Regulation.

To benefit from the De Minimis rule, aid has to satisfy the following criteria:

- The ceiling for the aid covered by the De Minimis rule is in general EUR 200,000 (cash grant equivalent) over any three consecutive fiscal year period. Information on all aid received under the De Minimis regulation must be provided by the applicant as part of the application process.
- The ceiling will apply to the total of all public assistance considered to be De Minimis aid. It will not affect the possibility of the recipient obtaining other State aid under schemes approved by the Commission, without prejudice to the cumulation rule described below.

### Cumulation

The above ceiling (EUR 200,000 of De Minimis aid over a three fiscal year period) applies to the total amount of De Minimis aid granted to a single company. The amount is lowered to EUR 100,000 in the road transport sector.

When granting a De Minimis aid to a business, the programme administrators must check that the new aid will not raise the total amount of De Minimis aid received during the relevant three year period above the EUR 200,000 (or EUR 100,000, as applicable) ceiling.

## Annex F: Application Readiness Checklist

The following is intended to provide an at a glance indication of whether you are ready to submit the application:

My business is an SME and meets the required legal criteria for consideration	
The project for which I require funding is eligible for support	
I have obtained all the quotations needed to verify the cost of the project and calculated my eligible project costs against actual quoted costs	
The amount of grant I am requesting is: <ul style="list-style-type: none"> <li>○ not higher than the appropriate intervention rate for the size and location of my business</li> <li>○ not higher than the level and amount available from the programme</li> <li>○ not available through other means</li> <li>○ required to meet a gap in the funding package in order to undertake, enhance or accelerate the project</li> </ul>	
All relevant permissions are in place and I am able to supply the following supporting documents: <ul style="list-style-type: none"> <li>○ 3 years historic accounts (audited where possible)</li> <li>○ Current management accounts/bank statements</li> <li>○ Financial forecasts for 3 years comprising Balance Sheet, Profit and Loss Account and Cash flow</li> <li>○ Business Plan</li> <li>○ Evidence that all match funding has been secured</li> <li>○ Evidence of the total number of FTE employees within the business (e.g. payroll report, directors' letter confirming headcount etc.).</li> </ul>	
My project will be delivered within the programme timescales	
Jobs will be created or retained as a result of the project. These will be created within a year of the investment and based on current financial projections be sustainable for a minimum of 3 years.	
The business has sufficient cash flow to make and evidence purchases before claiming any grant	

If you are not confident that you can say 'yes' to any of the above, you are advised to seek support from your own Business Advisor, your local Growth Hub advisor or the Programme Delivery Team.

## **Annex G: Sources of free advice and support with the application**

### **HEY LEP**

If you have any questions about the funding and application process, please contact the HEY LEP on 01482 485260 or email [funding@heylep.com](mailto:funding@heylep.com).

### **Growth Hub**

For additional advice and help with completing the application or preparing the supporting documentation, you are recommended to contact your local Growth Hub advisor who can be contacted as below:

#### Hull

Kevin Cassidy  
01482 615388 / [Kevin.Cassidy@hullcc.gov.uk](mailto:Kevin.Cassidy@hullcc.gov.uk)

Lewis Symmonds  
01482 616947 / [Lewis.Symmonds2@hullcc.gov.uk](mailto:Lewis.Symmonds2@hullcc.gov.uk)

#### East Riding of Yorkshire

Chris Moore (Driffild area)  
01262 401399 / [Christopher.moore@eastriding.gov.uk](mailto:Christopher.moore@eastriding.gov.uk)

Darren Roberts (Beverley area)  
01482 880460 / [Darren.Roberts@eastriding.gov.uk](mailto:Darren.Roberts@eastriding.gov.uk)

### **Local Authority Economic Development**

Your Local Authority economic development teams are also well placed to provide free advice and support to help you with the application process and can be contacted as below:

#### Hull

01482 300301

#### East Riding of Yorkshire

01482 393939