

## **Business Start Up Fund- Guidelines for Applicants**

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### **A. OVERVIEW**

The purpose of the Business Start Up Fund (BSUF) is to provide grant funding to help pre-start businesses with a robust and viable business idea to commence trading earlier than would otherwise be possible. It offers funding for essential business purchases such as IT equipment, infrastructure costs, website design and stock costs.

The BSUF has a tiered funding structure with grants of up to £1,000 and £2,500 available:

- i) £1,000 for homebased enterprises with employee headcount less than 1 FTE in addition to the proprietor.
- ii) £2,500 for businesses who will operate from a commercial premises and/or will have a minimum of 1 FTE in addition to the proprietor.

The structure has been devised to reflect the higher start-up costs associated with businesses operating from a commercial premises and/or with employees. It also aims to encourage new start businesses to grow their operation earlier.

Applications are limited to one per business.

## **B. OBJECTIVES**

The BSUF seeks to:

- i. Inspire a higher number of new start businesses – by helping individuals with a robust and viable business plan to fund essential business purchases which allow them to commence trading.
- ii. Support business survivability and growth – by helping the business to fund purchases which will help increase turnover and create employment opportunities.

## **C. ELIGIBILITY OF BUSINESS**

### **ALL APPLICANTS**

To be eligible all applicants must comply with the following criteria:

- i. **Business trading:** The applicant must not yet have commenced trading or have sold any goods or services.
- ii. **Business location:** The applicant must have the intention to trade in North Lanarkshire
- iii. **Business viability:** The applicant must be able to clearly demonstrate a robust and viable business idea which will commence trading within 3-months of the award payment.
- iv. **Business engagement:** The applicant must commit to engage with the Business Gateway Lanarkshire Service, complete a Planning to Start Review and attend a minimum of two Business Gateway webinars within 3 months of their application.
- v. **Need for grant:** The applicant must be able to demonstrate the need for financial support for specific business purchases and why the grant award is needed to help launch their business. Other funding routes can be investigated at [www.mygov.scot/funding-opportunities](http://www.mygov.scot/funding-opportunities).

- vi. **Business size:** The applicant must intend to commence trading as a micro, small or medium enterprises (up to 250 employees).
- vii. **Business structure:** If the applicant will be part of a larger group of businesses or franchise with a headquarters out with North Lanarkshire, or has direct/indirect links to other businesses, it can only apply if it will have a wholly autonomous cost/profit centre responsible for its own day-to-day management and producing its own management accounts and audited accounts. Applicants who fall into this category may be asked to produce evidence of their autonomy from the parent company/group.
- viii. **No indication of prior commitment:** – to be considered for grant support, no expenditure should be incurred for the costs outlined in the application form until after the applicant company has received a formal decision from the council regarding their grant application. Costs paid before a grant decision is made indicate that grant support is not essential to the business starting. Such applications may be cancelled and/or grant awards withdrawn.

#### **APPLICANTS OF THE AWARD UP TO £2,500**

Applicants of the higher award must also comply with the following criteria:

- ix. **Business location:** The applicant must commence trading from a commercial premises in North Lanarkshire. Please note virtual offices are not eligible.
- x. **Staff levels:** The applicant must aim to commence trading with a minimum of 1 FTE in addition to the main proprietor.

#### **D. SUPPORTED PROJECT TYPES**

The Business Start Up Fund is to provide financial support to help pre-start businesses undertake specific items of expenditure which will allow them to launch their business and start trading.

Applicants can apply to the fund for essential business purchases, which may include:

- IT equipment such as laptops, monitors and software packages.

- The development of a website to market the business or an ecommerce platform to enable online sales.
- Infrastructure costs associated with the adaptation of a business premises to make it commercially suitable.
- The purchase of business stock for commercial retail.
- Essential business equipment; tools, machinery
- Other purpose (applicants must be able to demonstrate that the proposed costs for which funding is sought will support the launch of their business)

Please note that:

- The BSUF cannot fund the research and development of a business idea, the purchase of a commercial vehicle, any training which is a legal requirement to commence trading.
- The BSUF cannot be used for working capital.
- Applications from business operating in the Gambling and Betting and Drinking Places (Bar/Public houses) sectors will be excluded from applying.
- The Council retains the right to decline an application if supporting the business would damage the reputation of the Local Authority.

## **E. APPLICATION, ASSESSMENT AND CLAIM PROCEDURE**

### **1) Application documents**

Applicants must submit the following documentation to apply for a BSUF grant:

- Completed Business Start Up Grant application form.**
- Business Plan.** As a minimum this must provide a business description, market analysis, competitor analysis, key personnel, how you plan to generate sales and any legal and regulatory requirements.
- 12-month cashflow forecast and start up balance sheet.** This must demonstrate reasonable financial need for grant support.
- Evidence of projected project costs.** This should include at least two formal supplier quotes for all eligible items/works seeking grant support.
- Planning to Start Review.** Applicants must complete a Planning to Start Review through the Business Gateway Lanarkshire Service. This can be completed by contacting the Business Gateway Lanarkshire Office or at [www.bgateway.com/planning-to-start/review](http://www.bgateway.com/planning-to-start/review).

- vi. **Business bank statement.** Applicants must submit a business bank statement which correlates to the business name and address noted on this application form. Please note personal bank statements may only be accepted in exceptional circumstances.

Applicants must also commit to attend a minimum of two Business Gateway Lanarkshire webinars to support their business venture within 3 months of their application.

To apply for the higher award of up to £2,500 applicants must also submit the following documentation:

- **Evidence of ownership/commercial lease.** This could be a copy of i) premises lease summary or ii) e-mail from landlord confirming duration of tenancy agreement, or iii) proof of ownership. (The remaining term on the lease should be a minimum 12 months)
- **Evidence of employees.** This could be a copy of a job spec, live job advert, management structure chart and/or confirmation of engagement with an employment agency. Where the FTE is a fellow partner of director this could be evidenced by a partnership agreement or incorporation certificate.

Please note: 'virtual' offices will not be considered an eligible premise. Applications from living wage employers are welcomed and applicants are encouraged to work towards a living wage accreditation.

## 2) Grant application process

**Preparing and submitting your application.** Grant application forms are available from North Lanarkshire Council please e-mail [BusinessFund@Northlan.gov.uk](mailto:BusinessFund@Northlan.gov.uk) to request an application form or from the Lanarkshire Business Gateway Service. You can contact them directly on 01698 520775 or [lanarkshire@bgateway.com](mailto:lanarkshire@bgateway.com) to arrange a one-to-one meeting.

## 3) How much grant can I apply for?

BSUF grants will provide 100% of eligible project costs (excluding VAT), of up to £1,000 or £2,500 dependent on the proposed business structure with one application per business. As detailed above, to apply for the higher award of up to £2,500 applicants must also submit either i) evidence of commercial lease or proof of premises ownership, or ii) evidence of employees.

#### **4) Assessment and appraisal**

Completed grant applications should be submitted to [BusinessFund@northlan.gov.uk](mailto:BusinessFund@northlan.gov.uk) applications will be assessed by North Lanarkshire Council Council representatives.

#### **5) Decision and Grant Payment**

The applicant will be notified of the decision on their grant application once the application has been processed. All applicants (successful and unsuccessful) will be notified by e-mail.

#### **6) Grant Acceptance**

To accept a grant award the applicant must return within 21 days of approval a fully complete and signed:

- i. Grant Acceptance Form
- ii. Bank Mandate Form
- iii. Equal Opportunities Form

These forms will be issued as appendices to the grant award e-mail.

#### **7) Claim for Grant Payment**

Applicants can submit a Claim for Grant Payment **after** the costs approved in the application have been successfully **paid in full**.

Please note, the grant award will be made to the business. Costs should therefore be made from the new start business bank account to claim the award. Purchases should not be made from personal accounts.

Grant claims should be made within 6 months of approval, otherwise the award will be revoked.

The Grant Claim Form must be completed and returned to [BusinessFund@Northlan.gov.uk](mailto:BusinessFund@Northlan.gov.uk) accompanied by:

- Evidence of spend including: – copy invoices from all suppliers – copy of the business bank statement, showing payments in respect of these supplier invoices leaving the company's bank account.
- A Completed Outputs Form. This should detail any immediate outcomes achieved as a direct result of the grant award.

Grants will not be paid out in relation to goods/services purchased which cannot be evidenced by supplier invoices matched to the business bank statement.

### **8) Post Award follow up**

Following the award applicants will be contacted for feedback on the impact the grant has had on the business. North Lanarkshire Council are required to report on key outputs and benefits arising from grants awarded under the Business Start Up Grant Fund. Successful applicants will be monitored both during the project and 12 months after completion to verify the impact of Council grant funding on business growth via a number of indicators, with a particular focus on turnover growth and the number of new jobs created and/or existing jobs safeguarded.

### **9) Key points when submitting costings**

**VAT:** note that VAT is ineligible for grant and must be excluded from claims.

**Paying suppliers by cheque:** where payment for goods or services has been made by cheque, you must enclose either i) a copy of the cheque or ii) a receipt, e-mail or letter on headed paper from the supplier (stating the invoice number) confirming that they have received payment in full. In the case of e-mail confirmation, it must be clear from the e-mail address that the confirmation has originated from the supplier.

**Paying suppliers by cash:** note that items or services paid for by cash unfortunately do not meet our audit trail requirements. As such they are not eligible for grant and must be excluded from the Project Completion form.

**Paying suppliers by credit card:** payments made to suppliers by credit card will only be eligible for grant if the card is registered to the business and not a private individual. Any items paid for using a personal credit card must be excluded from your Grant Claim Form. To support claims where suppliers have been paid by credit card a bank statement showing the purchases have been paid off in full must also be provided.

**Multiple payments made to suppliers in a single transaction:** where a number of supplier invoices have been paid in a single transaction, a BACS list, copies of invoices or a similar breakdown of payments must be provided to confirm that the invoice(s) included in the Project Completion Form. Note that hand-written invoices or receipts suggesting payment has been received are not sufficient proof of payment and must be accompanied by bank statement evidence.

**Changes to costs:** if your costs end up being lower than anticipated in your grant application, the grant award will be reduced. However, the grant payment cannot be increased beyond your original grant award if your costs end up being higher than you originally expected.

## **F. SUBSIDY CONTROL**

The UK Shared Prosperity Fund Business Start Up Grant award is classified as a Minimal Financial Assistance (MFA) subsidy under the Subsidy Control Act (2022).

To be eligible for the support, you must not have already exceeded receipt of £315,000 in MFA subsidies over this and the previous two financial years.

Note: Subsidy Control replaces the former European Commission State Aid Rules. Minimal Financial Assistance (MFA) is a relatively new term which is similar to the former “De Minimis Aid” rules which were in place under European Commission State Aid Rules and “Special Drawing Rights” (SDR).

An Expert Help Consultancy award is a Minimum Financial Assistance (**MFA**) subsidy under the Subsidy Control Act (2022). The maximum amount of MFA offered in completing this application will be **£2,500**. Before making any payment, written confirmation that receipt of the payment will not exceed your company’s MFA threshold of £315,000 cumulated over this and the previous two financial years, as specified in section 36(1) of the Subsidy Control Act (2022),



is required. This means you must confirm you have not received more than £315,000 minus the value of this grant in MFA subsidies or comparable types of subsidy (see section 42(8) of the Subsidy Control Act (2022)) in the current or previous 2 financial years. (Please note that comparable types of subsidies include De Minimis Aid.)

### **G. APPEALS PROCESS**

The applicant can appeal an unsuccessful application by submitting a written request to appeal to [BusinessFund@Northlan.gov.uk](mailto:BusinessFund@Northlan.gov.uk) The application will then be reviewed by a second member of the Local Authority.

### **H. FURTHER INFORMATION**

For more information on the funding and other support available to Lanarkshire businesses please contact the Business Gateway Lanarkshire on 01698 520775 or [lanarkshire@bgateway.com](mailto:lanarkshire@bgateway.com).

Please also visit the North Lanarkshire Council website:

[www.northlanarkshire.gov.uk/business](http://www.northlanarkshire.gov.uk/business)