GX Project
Grants from £1,000 to £12,500

Application guidance

5 September 2018

getnorth2018.com/business/gx-project

The grants are part of the GX project which is part-funded by the European Regional Development Fund (ERDF) as part of the England European Structural and Investment Fund Programme 2014-20
Part one: introduction

Welcome

The GX project led by NewcastleGateshead Initiative (NGI) in partnership with Innovate NE provides a range of opportunities to North-East SMEs and scaleups before, during and after the Great Exhibition of the North (GEOTN). Innovation is one of the key themes of the GEOTN and we want local innovative businesses to benefit from the unique platform provided by The Exhibition during the summer and continue to capitalise on it through a programme of intensive business support including this grants scheme until September 2019.

The GX innovation grants scheme is for North East Local Economic Partnership (NELEP) based businesses looking for funding to develop a new product and/or service in one of the regional smart specialisation sectors and areas of opportunities: Passenger vehicle manufacture; Subsea and Offshore Energy, Life Sciences and Health; Creative, Digital, Software and Technology based services, Health innovation, business information modelling and immersive technologies.

You can apply at any time for a grant from £1,000 to £12,500 until June 2019 (or earlier if the grant funding has been fully allocated) topped up by an equal contribution from your business (see match-funding section). It is a 2-stage process and we will aim to make a decision within 2 weeks of your final application submission. You will then have up to 4 months to deliver your project and claim your grant.

This guidance will help you decide whether this is the right type of grant for you, as well as providing you with information needed to complete the full application.

If you have any questions, you can contact staff from the GX project at gx@getnorth2018.com

We can discuss your project idea and advise on its fit as well as guide you through the application process. We may arrange regular drop in sessions and will advertise those on the GX project webpage.

The first thing we ask you to do is to check your eligibility.

Key eligibility criteria

Business eligibility

To be eligible, your business must meet the Small Medium size Enterprise (SME) definition, be based in the NELEP area (see below), operate in one of the smart specialisation sectors or areas of opportunities, not be in financial difficulty and comply with state aid. We can only support registered businesses. Banking and insurance companies are not eligible.
Are you an SME?
To be classed as an SME you have to:

- Employ less than 250 people
- Have an annual turnover of less than EUR 50m (£44m at September 2018 exchange rate) or a Balance sheet total of less than EUR 43m (£38m at September 2018 exchange rate)
- Is autonomous, i.e. either
  o Is totally independent: it has no participation in other enterprises and no enterprise has a participation in it
  o It has a holding of less than 25% of the capital or voting rights (whichever is the higher) in one or more other enterprises and/or any external parties have a stake of no more than 25% of the capital or voting rights (whichever is higher) in the enterprise
  o It is not linked to an enterprise through a natural person

If your business is not totally independent, you are advised to contact a member of staff from the GX team, as establishing the eligibility of a partner or linked enterprise can be complex.

Are you based in the North East LEP area?
We can only support businesses based in Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland local authority areas. If you are unsure, please use this link to check if the company’s registered address (or your home address for sole trader) is in one of the above Local Authority Areas.

Smart specialisation sectors and areas of opportunities
We will support businesses which operate in the regional smart specialisation sectors and areas of opportunities:

- Passenger vehicle manufacture;
- Subsea and Offshore Energy;
- Life Sciences and Health;
- Creative, Digital, Software and Technology based services;
- Health innovation;
- Business information modelling and
- Immersive technologies.

Are you in difficulty?
We are not allowed to give grants to businesses in difficulty as per the European Commission’s definition.

The general definition is that a company is in difficulty when, without the grant, it is likely to go bankrupt. This most often happens when the company has lost much of its capital either because debt servicing is unsustainably high or liquidity is very low and cannot cover even its day-to-day expenses.

We will carry out financial checks at the full application stage to confirm that your business is not in difficulty.
Are you state aid compliant?
As the grants are public funds which can be defined as state aid, we need to ensure we are administering the grants scheme in a state aid compliant manner.

This means that we need to ask you to provide detailed information of public funds you have received over the last three years (last two complete financial years plus the current one) under a specific innovation state aid exemption (General Block Exemption Regulations 2014 Article 28 aid for innovation). Under this GBER exemption, you can receive up to EUR 200,000 (£179,516 at September 2018 exchange rate) of public funds over the last three years.

At the Expression of Interest stage, we ask you to confirm that your business hasn't received funds above this threshold over three years. At the full application stage, you will be required to provide the breakdown of financial support received.

Please note that every time, your business received state aid under an exemption, you should have been notified and received a letter stating the amount of aid received.

Activity eligibility
Activities have to be linked to development of a product or service which is new to the firm and/or the market. Under this grant scheme, we will fund external expertise, consultancy and specialist advice to help you develop your product or service and bring it closer to the market. Capital purchases such as equipment or materials cannot be funded. At full application stage, you will need to provide more details about the potential provider/s.

You will have to comply with procurement procedures when selecting a provider/supplier:

- Up to £10,000 total project cost, 1 quote will be required
- From £10,001 to £25,000, 3 quotes will be required so that value for money can be tested.

Please note that we cannot fund a project for which activities and expenditure have already been incurred. Your project needs to be defined and be delivered during the timeframe agreed within your application.

Match-funding
It is a requirement of our grant scheme that you provide 50% match-funding towards the cost of your project to complement the grant awarded. Match-funding must be secured and in place before we can issue the grant offer letter. You cannot use match-funding that has been used before the start date of your project and match-funding that contains European funding.
The table below gives examples of how the total project cost, ERDF grant and SMEs match-funding work:

<table>
<thead>
<tr>
<th>Size of project</th>
<th>Total project cost</th>
<th>ERDF grant</th>
<th>Match-funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min</td>
<td>£2,000</td>
<td>£1,000</td>
<td>£1,000</td>
</tr>
<tr>
<td>Average</td>
<td>£10,000</td>
<td>£5,000</td>
<td>£5,000</td>
</tr>
<tr>
<td>Max</td>
<td>£25,000</td>
<td>£12,500</td>
<td>£12,500</td>
</tr>
</tbody>
</table>

**GDPR**

NGI will collect and process your personal information following the General Data Protection Regulations (GDPR).

By submitting an Expression of Interest and if successful a full application, you are giving NGI your consent to process your personal information only for the purposes of administering your grant application. This could include contacting you to:

- receive further information and/or clarification about your application for funding;
- obtain updates on the progress of your project;
- obtain updated information about the performance of the business;
- assess the impact of the programme on behalf of the funder;

If you are successful, we will also be providing information to the relevant funder and auditors for reporting, monitoring, auditing and evaluation purposes.

We will only store your personal information for as long as we are contractually required to do so by the funders.

To use your personal information for any other reason, we require your consent and we will ask you about it at the full application stage.
Part two: Application Process

Applying for a grant

The GX grants scheme is a 2-stage process. We will ask you first to complete a short online Expression of Interest (EOI) to check your eligibility and provide an outline and indicative cost of your project. We will aim to get back to you within two weeks. If successful, you will be invited to complete a more detailed application. At this stage you can receive support from the GX team to develop your proposal and we can liaise with you to answer any queries you may have. Depending on the level of readiness of your project, you will be given a deadline ranging from 2 to 4 weeks for your full application.

Once you have submitted your full application, we will aim to get back to you within two weeks. We may ask you to provide more information or clarification before making a decision. The GX team meets weekly and we will carry out monthly reviews of the scheme depending on the volume of applications we will receive. Please check our website for submission deadlines and any other additional information.

We will aim to award grants of different sizes, with a good geographical and sector distribution.

How we assess the applications

At least two members of the GX project team (including one innovation expert and one compliance/finance expert) will be assessing your full application. The criteria used to assess your application will be:

- Is the project innovative with the potential of creating economic and/or social value?
- Is the project addressing a well-defined need or challenge? Is the evidence (such as market research) provided in sufficient detail?
- Is the project delivery methodology clear and taking into consideration: timescales, human and financial resources?
- Is the match-funding in place?
- Have the outputs, outcome, benefits and impact of the project been clearly identified?
- Does the project provide value for money?
Part three: Receiving a grant

Grant award

You will be notified in writing if you have been successful with your full application. Our grant offer will include

- the maximum value of the grant as well the value of your match-funding and the grant intervention rate (see table on page 9 for examples)
- the start and completion dates
- your anticipated outcomes of your project
- general terms and conditions including how to promote the grant and details of document retention

You will be required to start the project within 4 weeks of receiving your grant offer letter and to complete it within 3 to 4 months. Extensions will be granted by exception.

Together with your grant offer letter, we will send you:

- a supplier template so that you can provide us your bank account details;
- a state aid letter with an indicative value of aid provided under GBER Article 28;
- a grant claim form to be completed at the end of your project.

You will have two weeks to accept the offer, and sign and return the offer to NGI.

On-going support will be provided by the GX team throughout the delivery of your project and we will be contacting you at least monthly to check progress.

Promoting your project

As part of your grant offer letter, you will commit to acknowledging your ERDF grant and promoting the GX project led by NGI. This will include using the ERDF logo on your website and collaborating with NGI on any joint promotion of your activities part-funded by the grant.

Grant payment

Generally, we will pay your grant in one instalment at the end of the project, upon receipt of the completed grant claim form and evidence of defrayal. This means that you will need to demonstrate that you have paid your provider/supplier the full amount to draw down 50% of it through ERDF. You will be required to provide a copy of your bank statement showing the provider/supplier’s payment/s as evidence. Please bear in mind that only expenditure defrayed during the agreed project duration is eligible.
If you’re planning to pay your provider/supplier by instalment and would like to receive your grant by instalment (in line with the cost defrayal principle), please request permission as part of the full application submission. Decisions will be made on a case by case basis and no more than 3 instalments will be agreed.

The following table outlines the different scenarios based on the final actual cost of the project compared to your proposal. In summary, if you have underspent we will pay a grant using a 50% grant rate and you will receive less than the maximum grant you are entitled to. If you have gone over budget, you will receive the maximum grant value and your grant rate will go down in order to capture the additional match-funding.

<table>
<thead>
<tr>
<th>Project</th>
<th>Total value</th>
<th>ERDF grant</th>
<th>SME match-funding</th>
<th>Grant rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your proposal</td>
<td>£12,000</td>
<td>£6,000</td>
<td>£6,000</td>
<td>50%</td>
</tr>
<tr>
<td>Example 1 – what if you have underspent?</td>
<td>£11,000</td>
<td>£5,500</td>
<td>£5,500</td>
<td>50%</td>
</tr>
<tr>
<td>Example 2 – what if you have overspent?</td>
<td>£15,000</td>
<td>£6,000</td>
<td>£9,000</td>
<td>40%</td>
</tr>
</tbody>
</table>

**What happens at the end of your project**

Once you have returned the completed grant form and supporting evidence, we will check the information and if complete and accurate, we will process the payment within two weeks.

We will send you the final state aid letter stipulating the amount of state aid you received under the GBER Article 28 and further information about grant document retention.

Following payment, we may contact you as part of the evaluation of the project, and in line with the GDPR section, we may pass your contact details to the evaluation team. You may also be contacted by the ERDF Programme’s auditor if the GX project is selected for an audit which involves verifying source documentation for the grants scheme. Please note that this may happen after the completion of the ERDF Programme and mean that you will be required to retain the grant documentation until 2033.