



**GX Project**

**Grants from £1,000 to £5,000**

# Application guidance

22 January 2019

(version 1, wave 2)

[getnorth2018.com/business/gx-project](http://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



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# Contents

<b>Part one: introduction</b> .....	1
Welcome .....	1
Key eligibility criteria .....	1
Business eligibility .....	1
Activity eligibility .....	3
Match-funding .....	3
GDPR.....	4
<b>Part two: Application Process</b> .....	5
Applying for a grant .....	5
How we assess the applications .....	5
<b>Part three: Receiving a grant</b> .....	6
Grant award.....	6
Promoting your project .....	6
Grant payment.....	6
What happens at the end of your project .....	7
<b>Part four: Full application form help notes</b> .....	8
Section 1: About your business .....	8
Business Name.....	8
Contact person .....	8
Registered business address .....	8
If you are located in a different place, please add details below .....	8
What is the type of your business .....	8
Date incorporated .....	8
Date commenced trading .....	8
VAT number.....	8
Number of employees.....	8
Business Sector .....	9
Business Standard Industrial Code (SIC) .....	9
Short description of your business .....	9
Section 2: Financial information.....	9
Financial year end.....	9
Turnover .....	9
Net profit before tax .....	9



Shareholders Funds.....	9
2e. State Aid .....	9
Section 3: Innovation, Research & Development.....	10
Research and Development activity and collaboration .....	10
Research and Development spend .....	10
New products and process innovations over the last 3 years .....	10
Section 4: Your proposal .....	10
Activities and timescale.....	10
Project outcomes .....	11
Project Budget .....	12
Finally .....	12
Financial Health Check .....	12



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## 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 £5,500 during the call window, 22 January to 15 February 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 3 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](mailto: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.



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### 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 (£180, 546 at January 2019 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 supplier/provider/s.

You will have to comply with procurement procedures when selecting a supplier/provider and provide a quote when your total project cost is up to £10,000:

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 spent before the start date of your project. Match-funding that contains other European funding is not eligible.

The table below gives examples of how the total project cost, ERDF grant and SMEs match-funding work:

<i>Size of project</i>	<i>Total project cost</i>	<i>ERDF grant</i>	<i>Match-funding</i>
<i>Min</i>	£2,000	£1,000	£1,000
<i>Average</i>	£5,000	£2,500	£2,500
<i>Max</i>	£10,000	£5,000	£5,000

## 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 after the call deadline. 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. You will be given up to 3 weeks to submit 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 fortnightly 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 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 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.

Project	Total value	ERDF grant	SME match-funding	Grant rate
<b>Your proposal</b>	£8,000	£4,000	£4,000	50%
<b>Example 1 – what if you have underspent?</b>	£7,000	£3,500	£3,500	50%
<b>Example 2 – what if you have overspent?</b>	£9,000	£4,000	£5,000	44.4%

## 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.

## Part four: Full application form help notes

### Section 1: About your business

#### Business Name

This should be the same name as the one in the EOI.

#### Contact person

This will be the person we will be liaising with regarding your submission.

#### Registered business address

This is the address you have used to register your business.

#### If you are located in a different place, please add details below

If you run your business from a different address than the registered one, please tell us here and explain why.

#### What is the type of your business

Please tick one of the options. If your type of business is not listed, please tick “other” and insert more information.

#### Date incorporated

Date should follow the format dd/mm/yy. If your business is not incorporated, please leave blank.

#### Date commenced trading

Date should follow the format dd/mm/yy. If your business is not trading, please leave blank.

#### VAT number

If you are VAT registered, please enter your VAT number; otherwise please enter N/A.

#### Number of employees

Indicate the number of full time equivalent employees (36+ hours) at the time of the application. Please do not include apprentices, volunteers or agency staff.

## Business Sector

Tell us which sector your business operate in using the drop-down menu.

## Business Standard Industrial Code (SIC)

Insert the SIC for your business. This is the code/s which you will have used to register your company – for more information including a list of all codes, go to

<https://www.gov.uk/government/publications/standard-industrial-classification-of-economic-activities-sic>

## Short description of your business

Tell us about the day-to-day activities of your business in no more than 100 words.

## Section 2: Financial information

### Financial year end

Please input a figure in £ based on your last financial accounts.

### Turnover

Please input a figure in £ based on your last financial accounts.

### Net profit before tax

Please input a figure in £ based on your last financial accounts.

### Shareholders Funds

Please enter figures in £ for each year of the last 3 years of your business financial accounts. If you do not have accounts for 3 years, insert N/A for the year/s for which you do not have accounts.

### 2e. State Aid

The GX project is part financed by the 2014-20 European Structural and Investment Funds Growth Programme for England, European Regional Development Fund Programme. Therefore the amount of State Aid subsidised support your business may receive is capped. Please indicate previous funding received over the last 3 financial years under GBER article 28. More guidance on GBER article 38 can be found on page 3 of this guidance.

## Section 3: Innovation, Research & Development

### Research and Development activity and collaboration

Tell us if you have carried out any research and development activity recently. For example, this may include working with a University, Catapult or other research partner.

### Research and Development spend

Please input a figure in £ if you have invested in R&D or innovation in the last financial year. If not, enter nil.

### New products and process innovations over the last 3 years

Tell us whether you have developed any new products and process innovations over the past 3 years.

## Section 4: Your proposal

Please answer each question and ensure you are providing sufficient information in order to enable us to assess your application (see page 5 of the guidance).

### Activities and timescale

#### Project description

This question is your opportunity to demonstrate the detail of your proposal and how it uniquely responds to the criteria and themes. Please consider all the details outlined in the question so that we have a comprehensive picture of your idea and its value against the grant amount.

#### Market research

Describe the market research you have carried out to date and any potential competition you have identified.

#### Supplier's proposal

Tell us if you have already identified a proposal from any supplier (see page 3 of the guidance under Activity eligibility). If you are in the process of seeking quotes or have not started yet the process, we will be able to assist you if you need any help.

### Project start

Please confirm that you are in a position to start the project within 3 months. The exact project start date will be agreed at the grant approval stage.

### Project duration

Select one of the proposed options: less than 2 months, 2 months, or 3 months. The project start and completion dates as well as final payment will be agreed at the grant approval stage.

### Project outcomes

The GX grants scheme has 4 key outputs:

- Product or service new to the business that has been developed
- Product or service new to the market that has been developed
- Collaboration with a research institution
- Employment increase in FT equivalent

Please note that you are not required to deliver all outputs; select those which you think are relevant to your project.

The outputs definition can be found here:

<https://www.gov.uk/government/publications/european-structural-and-investment-funds-outputs-and-results>

Please note that you will be required to provide evidence of achieved outputs at the end of the project and up to 6 months later. In the full application form, please tell us which following outputs your project will achieve:

#### Product or service developed which is new to the business

The evidence we will require includes: a self declaration to confirm new to the business product/service, date of product/service launch, details of the new product/service (marketing/literature). If not progressed to market, more information of product/service status and its progression will be requested.

#### Product or service developed which is new to the market

The evidence we will require includes: a self declaration to confirm new to the market product/service, date of product/service launch, details of the new product/service (marketing/literature). If not progressed to market, more information of product/service status and its progression will be requested.

#### Collaboration with a research institution

The evidence we will require includes contact name and contact details of the research institution and if available a letter or agreement between the business and research institution, with a summary of activity.

### Employment increase / jobs created

Please report any anticipated jobs which will be created as a result of activity supported by the grant and tell us when you anticipate these jobs will be created. Please note that jobs can only be reported if they have an intended life expectancy of at least 12 months. Jobs which have been created as a result of realignment of posts across a business cannot be counted.

A written confirmation from a senior member of staff confirming the overall increase in employment levels within the business will be required as evidence, as well as basic details relating to the post-holder.

## Project Budget

### Project budget and resourcing

As per the guidance and conditions of this scheme your grant cannot exceed 50% of the total project budget. You will have to secure 50% match funding and provide details of this before grants can be awarded. Please insert the grant value requested and total project value in £.

If your business is VAT registered, the figures should exclude VAT. If your business is not VAT registered, the figures should include VAT.

## Finally

### Anything else you would like to tell us?

You may want to tell us whether your project could be phased, how you are planning to pay your supplier, or how much support you need to deliver your project.

## Financial Health Check

Under the [ERDF regulation](#), SMEs in financial difficulty are not eligible to receive support including grant funding. We are asking you to confirm that you're not in such position defined below. If your financial accounts are not publicly available in a detailed format (e.g. on the companies house website), we will ask you to submit additional financial information to carry out due diligence prior to issuing a grant offer.

**'Undertaking in difficulty'** means an undertaking in respect of which at least one of the following circumstances occurs:

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due

diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

*(1) The European Parliament's and Council's directive 2013/34/EU of 26 June 2013 on annual financial reports, consolidated financial reports and associated accounts for certain company types, on adjustment of the European Parliament and Council's directive 2006/43/EC and on nullification of the Council's directive 78/660/EEC and 83/349/EEC (EUT L 182 of 6.29.2013, p. 19)*