

Grants

Even experts can find it difficult to keep track of the hundreds of different grant schemes which keep appearing and disappearing.

This briefing will give you a good idea of whether your start-up business is likely to be eligible for a grant — and whether such a grant is worth the effort involved in applying. It covers:

- Which business activities are most likely to qualify.
- Where additional aid is available in the UK.
- What criteria a project must meet.
- How to apply.

1 Before you start

Do not waste time trying to get a grant unless you are prepared to overcome four potential obstacles.

1.1 You must be ready to put up some of your own **money**.

- It is extremely rare for a grant to finance 100 per cent of the costs of any project.
- Grants typically cover 15 to 60 per cent of the total finance required for a project.

Even if a larger proportion of the project cost is available, you will still need to invest time and resources in researching and applying for the grant.

1.2 Grants are usually only available for specified **projects**.

For example, the development of a new product or process, job creation or training

programmes.

- The gradual, organic process of company development does not normally qualify, although there may be support for small and medium-sized enterprises that will accelerate job creation or investment.

1.3 You must have a **plan**.

You may have already written a business plan which you used for another purpose, such as raising finance from the bank.

- The business plan will need altering to place the emphasis on the specific project involved.

1.4 Grant schemes are typically aimed at projects that are not already underway, and usually impose **restrictions**.

- The project must help towards achieving the objectives or strategic aims of the grant provider — usually a department or agency of local, national or European government.
- In most cases, you must be able to demonstrate that the project would not take place and achieve the same benefits without the grant.

2 What grants are available?

Most national and local grants focus on particular business activities or purposes. These themes are:

2.1 Investment – there are regional grants that support growth through capital investment and job creation.

- The location of your business may increase your chances of successfully applying for a grant. You may be eligible for special grants and support if you are starting a business in an economically disadvantaged area, especially if it is one with high unemployment. These areas include those in general industrial decline, those where major traditional industries such as steel and coal have collapsed, and some rural areas and inner-city areas.
- There is funding available that reflects the relative economic needs of different regions. At present Cornwall and the Isles of Scilly, the Highlands and Islands of Scotland and West Wales and the Valleys get the most support from the EU.
- Local support (for example, subsidised rent and rates) is often available to encourage small businesses to start up in particular areas.

2.2 Innovation – there is a wide range of grant schemes that encourage research and development (R&D) activities.

- A comprehensive range of funding is available through Department for Business, Innovation & Skills (BIS) programmes. These can offer support, from investigating an idea through to proof of concept and development. Visit www.bis.gov.uk/innovation.
- R&D grants that focus on specific industries are periodically launched (eg the Carbon Trust, DEFRA and WRAP have all launched such grants).

There are also tax incentives that support R&D activities.

2.3 Energy and the environment — these schemes recognise the additional cost for businesses that adopt or engage in investments that improve energy efficiency and reduce environmental impact.

- R&D programmes are available to companies working on developing energy and environmental products.
- Grant schemes may be available for new buildings or for refurbishing existing buildings that aim to improve energy use.

Capital allowances are also available to businesses that install energy saving equipment and processes.

2.4 Training.

- Assistance to develop the skills and capability of staff is provided

through apprenticeships. The National Apprenticeship Service (08000 150 600 or www.apprenticeships.org.uk) gives advice to employers on how to start an apprenticeship scheme in their business.

- You may also qualify for a grant of £1,000 towards recruitment costs and a further £1,500 towards training if you take on a long-term unemployed person.

2.5 Exports — support is often available to businesses looking to export goods they manufacture.

- UK Trade & Investment offers funding to help exporters, as well as a range of charged-for, but subsidised, services. Contact UK Trade & Investment (020 7215 8000 or www.ukti.gov.uk).

Other grants are available depending on your business sector and location.

3 Identifying possible grants

There are many different grant schemes in existence. You need to identify the few grants your business or project could be eligible for.

3.1 Contact your local business support organisation

Some providers also have access to a European Information Centre and other grants databases which will identify appropriate European, national, government and charitable grant schemes.

Basic information is usually free.

- Ask for a list of grant schemes (including contact details) for which your project might qualify.
- A business adviser will probably be available to help you narrow down the range of schemes.

3.2 Try **other sources** of free or subsidised information.

- These might include your bank, your trade association, local government or BIS (www.bis.gov.uk).
- There are a number of free and subscription websites that list available grants. By answering a few questions you can pinpoint a shortlist of grants that you might qualify for. Try www.j4bgrants.co.uk, www.grantnet.com, www.grantfinder.co.uk or www.grantsonline.org.uk.

“Make a habit of reading the local press. Knowing who has received funding under a particular scheme in the past will give you an insight into the type of project a funder is looking to support – useful information not always clearly stated in the guidelines.”
Rebecca Erskine, Grantfinder

3.3 Get in touch with the **administrators** of any grant schemes which seem to fit your situation. These might include:

- The European Commission. Avoid calling the commission's main switchboard. Instead, send an email or phone the section which deals with the scheme you are interested in (http://ec.europa.eu/contracts_grants/grants_en.htm).
- Government departments, such as BIS (www.bis.gov.uk).
- Local councils or regional development agencies.

3.4 Ask the administrator some basic **questions**.

- Is the scheme still open, are funds still available and will funds be available by the time your application has been processed?
- When are grants handed out? Some schemes only pay out money to successful applicants once a year.
- What does the scheme aim to achieve? It will help to know what sort of projects have been funded in the past.
- How long is the application process, and what does it involve?

You can often get help completing the application form.

4 The application process

4.1 Submit a **proposal**.

This usually involves filling in a form (either electronically or a paper version). Show your proposals in the best possible light by providing:

- A detailed project description.
- An explanation of the potential benefits the project offers, which must fit in with the aims of the grant scheme. They might include specific benefits to the local community, to the region or to your industry – or a potential increase in UK exports.
- A detailed work plan, indicating who will do what, and by when. Include full costings.
- Details of your own relevant experience and track record. Show how your own background, experience and expertise make success probable.

If there seems to be a significant risk of the project failing, you are unlikely to be given a grant.

4.2 If necessary, get **professional help**.

- It is probably worth paying for help to apply for any grants potentially worth £50,000 or more.
- There are specialist grant consultants that can help you. Your accountant may also be able to help. Check the history, success rates and seek referrals for any expert you use.
- Negotiate the fees. Flat-rate fees may seem less expensive in the first instance, but must be paid even if you do not get a grant.

4.3 Wait for the **decision** (see 5).

5 Application timescales

Do not expect an immediate decision on a grant application. You may have to wait some time for it to be considered.

5.1 Local grants, such as those given out by local councils, are usually processed fairly quickly.

- You may have to wait up to six weeks before you hear whether the grant will be awarded.
- Such grants generally involve simple application procedures.

5.2 National or European grants typically take two to six months to obtain, but can take up to a year.

- You are usually able to submit a relatively simple Stage 1 application in the first instance. This enables the grant-giving body to assess whether your project stands a serious chance of being funded. A Stage 1 application form will only be two to five pages long, but it can take two or three days to prepare, because you must include costings.
- You can then decide whether or not to proceed with a full Stage 2 application. A Stage 2 form is usually 15 to 25 pages.

If you are awarded a grant after a long delay, and the situation has changed since your initial application, it may be possible to adapt and refine your project idea.

Expert contributors

Thanks to **Rebecca Erskine (Grantfinder, 0844 874 0739, www.grantfinder.co.uk).**

6 Grant payments

6.1 Plan your **cashflow**.

- You may have to wait to be reimbursed, so you may need to make arrangements for a bridging loan.

6.2 Grant money is generally handed over according to an agreed **schedule**.

Payments may be made:

- In instalments, at fixed periods.
- In arrears, against proof of actual expenditure.
- With some payments up front, and the rest as you meet the stipulated requirements at each stage.

For example, a payment might be conditional on the project employing a certain number of people.

6.3 Keep detailed **records**. The grant providers will want to monitor how the money is being used.

- This may involve visits to your premises, or you may have to visit them to present a report.
- There may be a final audit before you are given the last payment.

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