

**Berg Kaprow Lewis**

Getting a grant for your business

Getting grant-funding could really help your business develop and grow. But even experts can find it difficult to keep track of the hundreds of different grant schemes which keep appearing and then disappearing.

This briefing outlines the kind of grants available to small and medium-sized businesses. It explains the criteria a project must meet to qualify for a grant, and the potential benefits and pitfalls involved in applying.

This briefing covers:

- Which business activities are most likely to qualify.
- Factors that could affect your eligibility.
- How to identify grants you may be entitled to.
- How to apply.

1 Be prepared

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 50 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.

- The normal, organic process of company development does not usually qualify.

1.3 You must have a clear project plan.

- You will probably need to show how the project ties in with the strategic direction of your business as outlined in your business plan. (See **Writing a business plan**).

1.4 Grant schemes almost always impose certain restrictions.

- The project must not be under way already.
- The project must help towards achieving the objectives of the grant provider.

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- In most cases, you must be able to show that the project would not take place and achieve the same benefits without the grant.

2 Nationwide grants

Nationally available grants usually focus on particular business purposes or activities.

2.1 Support is often available for businesses looking to **export**.

- UK Trade & Investment offers funding to help exporters, as well as a range of charged-for, but subsidised, services. Contact your local Business Link or UK Trade & Investment (020 7215 5444 or www.uktradeinvest.gov.uk).

2.2 There are various sources of funding for **joint research projects** undertaken by businesses and academic institutions.

- The Government's LINK programmes support partnerships between UK companies and research organisations which develop products and processes in a range of technology and market sectors. Visit www.ost.gov.uk/link or call 020 7215 0940.
- The European Commission's CRAFT programme provides funding to small and medium-sized businesses wanting to take part in EC research framework programmes in the field of science and technology. Visit www.cordis.lu/sme.

2.3 There are grants designed to help companies **innovate**.

- A range of funding is available under the Small Business Service's R&D Project Grants scheme, which replaces the Smart scheme. The scheme's awards process places increased emphasis on proving your company's financial health. An associated grant to investigate an innovative idea, to help businesses prepare for innovation has also been launched. Visit www.businesslink.gov.uk or call 0845 600 9 006.
- Businesses in Wales wanting to develop new products and processes can apply for grants of up to £25,000. Contact Regional Innovation Grants (029 2082 8730).

2.4 Some grants are designed to help protect the **environment** by reducing pollution or waste.

- For example, the government-backed CleanUp initiative provides funding of up to 75 per cent of the cost of fitting emissions-reduction equipment to polluting vehicles (www.cleanup.org.uk or 0845 602 1425).

2.5 You may be able to get funding for **training** and **skills development**.

- Assistance is generally provided through Business Link and the Learning and Skills Council.

There are many other grants available (see 4).

3 Special grants

Other grants are available depending on the location and type of your business.

3.1 The **location** your business operates in may entitle you to a grant.

You may be eligible for a range of special grants and support from both the UK Government and the European Commission if your business is in an economically depressed 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, coal, textiles and fishing have collapsed, and some rural areas and inner-city areas.
- There are several different tiers of funding which reflect the relative economic needs of different regions. At present Cornwall, Merseyside, South Yorkshire and West Wales and the Valleys get the most support.

- Businesses in areas which receive high levels of support may be able to apply for Regional Selective Assistance, which provides partial funding towards projects with a fixed capital expenditure of over £500,000 in England. Different levels of funding are available elsewhere. Apply for a Regional Enterprise Grant if your capital requirements are less than this. Projects will only qualify if they create jobs or safeguard existing ones.

For more information, contact the Government Office for your region.

Your local council or Business Link may also have its own schemes to help combat specific local problems.

3.2 Although many grants are available across most **sectors**, some sectors may be specifically targeted for extra funding.

- Industries that may receive specific support include rural diversification, crafts, tourism and agriculture.

3.3 Some grants are only available to businesses of a certain minimum **size**.

- A lot of government support is targeted at growing businesses, rather than one-man bands.

3.4 Some grants are intended to help new businesses and boost **employment**.

- Local support (eg subsidised rent and rates) is often available to encourage small businesses to start up in particular areas.

A project to build a new factory on derelict land in a depressed area, with the potential to create new jobs and boost exports, might qualify for several different grants.

Application timescales

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

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

- You may have to wait up to six weeks for a decision. Such grants generally involve simple application procedures.

B 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 provider 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.

4 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.

4.1 Contact your local **Business Link** (0845 600 9 006 or www.businesslink.gov.uk) or other business support organisation. Basic information is usually free.

Most have access to a European Information Centre and to Grantfinder, a database which will identify appropriate European, national, government and charitable grant schemes.

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

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

- These might include your bank, your trade association or the Department of Trade and Industry.
- 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 and www.govgrants.com.

4.3 Talk to 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, using the contact details provided by Business Link.
- Government departments, such as the Department of Trade and Industry, and the Department for Transport, Local Government and the Regions (DTLR).
- Business Link, local councils or Regional Development Agencies.

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

- It is probably worth paying for help to apply for any grants worth £50,000 or more.
- Experts can help you to 'model' your project so that it is more likely to meet the qualifying criteria of the grant.

- Some accountants and consultants are grant experts. Check their experience of successfully obtaining grants for businesses similar to yours.
- 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.
See **Using a consultant**.

5 Making a start

5.1 Make **personal contact** with an individual involved in administering the scheme.

- You will get advice on whether it is worth applying.
- You can often get help to complete the application form.

5.2 Find out answers to some basic **questions**.

- Are funds still available under the scheme? Will funds still 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?

5.3 Submit a **proposal** (see 6).

- This usually involves filling in a form.

5.4 Wait for the **decision** (see box, page 3).

- 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.

6 The application

Your grant application should not be a work of fiction. But it should show your proposals in the best possible light.

You will need to provide:

6.1 A detailed **project description**.

6.2 An explanation of the potential **benefits** the project offers.

- These benefits 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 British exports.

6.3 A detailed **work plan**, indicating who will do what, and by when.

- This should include full costings.

6.4 Details of your own relevant experience and **performance**.

- Explain 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.

7 Grant payments

7.1 Plan your **cashflow**.

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

See **Managing your cashflow**.

7.2 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.

7.3 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.

Further help

There are other Directors' Briefing titles that can help you. These briefings are referred to in the text by name.

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