

This document provides further detail on the application form, how to complete it, and the decision-making process.

## PURPOSE

The Brexit Resilience Grant is open to established businesses across Wales who may find the exit of the UK from the EU challenging to the onwards success of their business. The grant level is set at a minimum of £10,000 and a maximum of £50,000. The scheme offers a 20% grant to businesses in Wales operating in any sectors other than those listed below that need support to be more resilient in response to the UK's decision to exit its membership of the European Union [Brexit].

The purpose of the grant is to mitigate the effects of Brexit. This is a discretionary grant operated on behalf of the Welsh Government by Business Wales.

## BUSINESS WALES

Business Wales provides tailored support for start-up, micro and small and medium sized businesses in Wales. The service can help you understand what your business needs are and provide tailored support packages including access to on-line tools, workshops, specialist advisors and mentors. In addition to working with you on a business diagnostic and action plan, our advisors can also provide targeted financial advice and access a range of specialist advisors that are there to support your business to succeed. To access this grant, you must be registered with the service and request an advisory visit to support your application. This will help maximise the potential of your business, aid the grant process and inform you of other financial support that the Welsh Government is currently offering.

To find out more, please call our Helpline on 03000 6 03000 or speak with your local Business Wales team. Live chat is also available on [www.businesswales.gov.wales](http://www.businesswales.gov.wales)

## WELSH GOVERNMENT'S ECONOMIC CONTRACT

The Welsh Government's Economic Action Plan drives change in policy and delivery to create an economy of inclusive growth that boosts our wealth and wellbeing and narrows inequalities. The Economic Contract frames a new relationship with business based upon the principle of public investment with a social purpose to help businesses respond to the challenges of the future. All applicants to the grant must have met the requirements of the economic contract and your advisor will support you in creating this, separate document.

## WHO CAN APPLY?

**Applicants must not have received funding or an award of funding under any previous Brexit Resilience Fund schemes.**

The application form, including the Expression of Interest form, is combined to assess whether applicants are eligible for both a Welsh Government Grant and a Development Bank of Wales Loan. **In order to qualify for the grant, the organisation must also be eligible and draw down the offered loan funding from Development Bank of Wales.** This document deals with the Grant criteria and is aimed at helping applicants fill out the form and explain the process.

In order to qualify for the grant, clients **must** meet the following criteria:

1. The business applying must be registered and trading in Wales.

2. Only one successful application per 'group' of companies or common ownership businesses.
3. The company/group of companies must be registered with Business Wales.
4. The grant may be used only for capital expenditure. [see later definition]
5. You must tell us the expected impact that this grant will have on your business. As a guideline we would expect at least 1 full time equivalent job created or safeguarded for 12 months for every £5,000 of grant awarded. Jobs created must be in the UK and within the organisation/business and within 12 months of the project claim or December 2020, whichever is sooner.
6. Companies must have been trading for at least 12 months on the day of application.
7. Grants are available of between £10,000 and to £50,000 to a maximum of 20% of project costs. Only Capital costs are eligible under this grant.
8. State Aid De Minimis rules apply and you must declare and be under the state aid maximum ceiling. For further information you should consult the web pages referenced below.
9. HR and sustainability policies/strategies must be reviewed by Business Wales prior to grant payment.
10. Applicants must complete [Brexit Toolkit](#) and the results recorded on the application form.
11. The business agrees to applying for a loan from the Development Bank of Wales that matches the amount requested in grant funding. Successful applicants will need approval for BOTH the grant and the loan.
12. Each applicant must agree to be a case study if successful. This may involve publicity photographs, written material and other associate PR activities that will be used to demonstrate Welsh Government's involvement in your project and promote Business Wales.
13. All expenditure must take place post the date of the award of funding letter. Costs incurred prior to this date will be ineligible for grant funding in all circumstances.
14. The grant will be paid in arrears, at the end of the project. Where projects aren't completed in the timescale proposed in the application, Business Wales has the right to withdraw the offer of funding that project up to an including the entire sum agreed.
15. Businesses must have reason to believe that Brexit will have an impact on their business which will be mitigated or removed by the grant. This needs to be supported by a strong business case. Examples could include:
  - a. Significant proportion of client base is in the EU and is at risk as a result of Brexit as measured by percentage of turnover implying increases in trade tariffs.
  - b. Significant proportion of cost base is underpinned by the current UK/EU arrangements e.g. high percentage of staff are EU nationals, high percentage of materials are sourced from EU countries.

## **HOW AND WHEN TO APPLY**

The Brexit Resilience Grant is open to applications up to 28<sup>th</sup> February 2020, funds permitting. Grant funding will be required to be drawn down and completed by 31<sup>st</sup> March 2020.

## **GUIDANCE ON COMPLETING THE EXPRESSION OF INTEREST FORM AND ECONOMIC CONTRACT**

**This form, when completed, should be emailed to your assigned Business Wales Adviser.**

These three sections ask for key information about you, 'the applicant', your business and your Brexit issues.

**Section A** - In order to be able to complete this section you must have pre-registered with the Business Wales Service [see above for details of how to do so]. You also must have completed the Welsh Government online Brexit Toolkit. This can be accessed through this link: <https://businesswales.gov.wales/brexit/>. You, 'the applicant' will also be expected to have the financial authority to be able to deal with any grant enquiries we have in relation to this application.

**Section B** - You should tell us about your business and its core customers and suppliers. You should also succinctly tell us how Brexit will impact on your business and why you are concerned about resilience. We need to clearly and succinctly understand your likely business prediction based on the information that has been published to date.

You must also tell us how you intend to create a project to remove or otherwise minimise the impacts that you have predicted. As an example, if your core customer base is in the EU and you are able to show that World Trade Organisation tariffs will increase your prices or costs disproportionately, your project might otherwise combat these rises by creating further efficiencies in your business.

**Section C** – Please provide details of the expenditure required for your project. You will need to break this down to show the grant and loan element. We will also require details about new jobs that you are intending to create as a result of this grant or jobs that are safeguarded as a result.

### **Economic Contract**

The Economic Contract is the framework for a new relationship with businesses, requiring you to demonstrate a commitment to growth, fair work, employee health and skills and reducing carbon footprint.

Your assigned Business Adviser will assist you in completion of this. A first draft of the Economic contract must be submitted along with your Expression of Interest.

Decisions on Expressions of Interest will normally be communicated within five working days of receipt.

To read Business Wales' privacy policy please click [here](#).

## **GUIDANCE ON COMPLETING THE MAIN APPLICATION FORM**

If your Expression of Interest is accepted, you will be invited to submit the main application form.

**This form, when completed, should be emailed to your assigned Business Wales Adviser together with pdf attachments of all supporting documentation (quotations, financial information etc). A signed and printed copy of the application will also be required.**

In this form you must confirm basic details about you and your company. You then must tell us the whole amount of funding (loan and grant combined) for which you are applying. You then must break down and show how you will fund the balance of the project and declare where those funds are coming from.

Pages 2, 3 and 4 are detailed questions which you must answer to help us understand your business, its status and details of the directors. We will undertake checks on this detail to ascertain the viability of your business.

On page 5, you are asked to list all of the capital costs of the entire project capital into the appropriate sections together with the comparative quotations that you have to demonstrate best value for money. You may need to submit further information on additional sheets if this is required.

For all projects you will need to separately include a project plan [template separately provided]. **You should note that we would expect you to complete your project in line with your plan and draw down the grant at the end date.** Your grant award, if successful, is based on that assumption. A separate project plan template is provided, and your adviser can also assist with its completion

It is important to note that for every cost item you will be expected to provide three estimates or valid quotations for that item for each item over £1000 in value. If you aren't choosing the lowest costed quotation or estimate you will need to explain your value for money decision in each case.

Where an item, or group of items, is less than £1000 in value we would expect a single quotation for that group of items.

You must tell us if you have otherwise had any other public-sector support or funding under the De Minimis aid regulations. Should you need to find out further information please visit this website; <https://gov.wales/funding/state-aid/de-minimis-aid/?lang=en> or speak to your advisor. Funding may later be withdrawn or be required to be repaid if this information provided is not accurate.

On page 6, the project outputs section, you should tell us about new jobs that you are intending to be create or safeguard as a result of this grant. Seasonal jobs are not eligible.

We also require an estimate of the date you are likely to claim the grant. Only one claim can be made, and this must be when all capital expenditure has been completed and you are able to submit invoices as evidence as such.

**Declaration** - It is important that you read and understand the conditions associated with this Grant application. If you agree to the conditions and you can confirm that the information provided in the application is true and accurate, then you must insert your signature and the date in the boxes provided. The application must be signed and dated by the person who has financial authority within the organisation / business.

You should be aware that by agreeing to this grant we may use your project and company as a case study for the Welsh Government. This is a simple process under which we agree text and photographs or videos of you and your business for mutual promotion. Further details are available from your advisor.

Accompanying your application must be your finalised Economic Contract. If comments or further actions are required as a result of the draft submitted with your EOI, these also should be complete at the time of application. Any final decision on the Economic Contract

would normally be communicated to you along with or prior to the Award of Funding letter being issued.

### **What happens after the application is received?**

Grant applications will normally be acknowledged within five working days of receipt.

Decisions on Grants will be made normally within fifteen working days of acknowledging receipt of the application and all complete associated documents and plans. Decisions on applications will be made based on the information provided in the application form and information checks that we will conduct from financial and other business source data. If the information or application is incomplete, then processing may take longer.

**If funding is awarded**, you will receive notification from Business Wales.

You will receive a letter notifying you of the award of the Grant and the payment date. At that point you must reply to the letter accepting the award and then proceed with your project at your own cost. Please note, the provision of this Grant is at the discretion of the Welsh Government and is subject to applicants meeting the eligibility criteria and the availability of funding.

You will then receive separate confirmation from the Development Bank Wales with your loan offer.

The Business Wales Advisory Team may contact you after the grant has been paid to ask you some follow up questions, this is likely to be three months and then six months post award. You should note that by accepting the grant you are obliged to complete Brexit Toolkit again at the end of your project, so we are able to measure the effectiveness of the project after its completion.

**If your application is unsuccessful**, you will receive a letter outlining the reason[s] why and recommendations for further support. It will also contain details of how you may take this matter further should you wish to do so. You may re-apply should you wish to do so.

### **Contact Details**

If you need help with your application, please speak with your local Business Wales team.

### **GRANT REPAYMENT**

Applicants should note that the Welsh Government or its appointed contractors may require repayment of the grant in full or part if the funds are not used for the purposes stated on the application form. By signing the application form, you, the applicant is entering into an agreement as such.

### **Capital Expenditure Definition**

The following is a list of acceptable capital assets for the purpose of this grant:

- Not easily sold in the regular course of a business's operations for cash and is generally owned for its role in contributing to the business's ability to generate profit or turnover.
- The benefits gained from the asset will extend beyond a time span of one year
- The asset will be on a business's balance sheet as fixed assets (property improvements, plant and equipment)
- Machinery for manufacturing (including food)
- Print/embroidery equipment
- Specialist IT equipment

- Bespoke, specialised software
- Alterations to existing business premises specifically relating to the project.
- The fit out of a vehicle to make it specialised (not the purchase of the vehicle)
- Second-hand equipment, if purchased with a minimum 3-month warranty

The following is a list of **ineligible** capital assets for the purposes of this grant:

- Vehicles, trailers, fork lifts
- Other mobile assets
- Purchase of premises
- Photographic equipment
- Software readily available 'off the shelf'
- IT equipment (unless a small part of a larger project or specialist)
- Scaffolding, skips or other temporary structures

### **Ineligible Sectors**

The following is the list of sectors that this grant is not able to support

- Agriculture (although diversification and aligned businesses are)
- Forestry (Forestry production is not eligible however processing is)
- Fishing
- Health Services
- Local Social Welfare Services
- Steel
- Shipbuilding

### **Displacement**

The money secured by the Welsh Government to distribute as grants is not funded by the European Regional Development Fund (ERDF), one of the European Union's structural funds however state aid rule still applies. The aim of the ERDF funded business support is to establish an enterprise culture without distorting competition or trade. In general, support cannot be provided where displacement of other businesses within the programme area is likely to take place as a result. For example, the retail sector and particularly the hospitality sector are very competitive; any public funding provided to one business would give that business an advantage over its competitors. If, as a result, the competitor was to fail and the business close, the impact of the public funding on the economy would be lost.

### **Rules on Hire/Purchase Lease**

Hire purchase and lease purchase are eligible provided that the asset will be a capital asset on the balance sheet.

The full Grant amount can be paid at the point the agreement has been signed and asset ordered.

Hire Purchase or Lease purchase: the total VAT may be charged by the finance company and will be payable with the initial instalment. There may be a delay of up to four months in recovering this from (HMRC). The client will need to find this VAT 'bridging finance' from their own funds.

Operating Lease: Not acceptable as the asset isn't ever owned by the business.

### **Claiming the Grant (Award)**

On completion of the project you should contact your adviser to complete a claim for the grant. This is a simple process that verifies the spend is in line with the application.

Only one claim should be made when all capital expenditure has been made. Interim payments are not acceptable.

Payment of the claim will normally be made within 28 days of receipt of the grant claim and all associated documents which verifies the project spend in line with the application submission.