

Micro & Small Business Fund (MSBF) 2017-2020



Llywodraeth Cymru
Welsh Government

European Agricultural Fund for Rural Development (EAFRD)

Guidance Note

1. Introduction

This document provides guidance on both enquiring and applying for funds through Welsh Government's Tourism Investment Support Scheme (TISS) Micro & Small Business Fund (MSBF). This is an open call fund available from May 2017 to December 2020 for full spend. The fund applies across Wales. This is a *capital* fund supported through the Welsh Government Rural Communities – Rural Development Programme 2014-2020, which is funded by the European Agricultural Fund for Rural Development, and Welsh Government and focuses on the priorities noted below.

Successful applications will excel in quality, in terms of grade, visitor experience, service, innovation, and adding value. We want to find ambitious proposals from micro and small businesses looking to make a difference, whether as a perception changing product, or as part of a cluster of products helping to build a destination. In all cases we are looking for distinctive stand out projects, and the greater this is represented, the stronger the case will be.

2. Purpose of Fund

The purpose is to develop quality sustainable tourism products which create jobs and stimulate growth in new and existing markets. The Welsh Government's Tourism Strategy – Partnership for Growth aims to grow tourism earnings in Wales by 10% or more by 2020. The strategy adopts a product-led approach intended to deliver compelling reasons to visit and discover Wales by creating 'best in class' product experiences.

<http://gov.wales/topics/culture-tourism-sport/tourism/partnership-for-growth-strategy>;

This is a discretionary capital investment fund supporting those objectives by developing quality sustainable experiences through investment in tourism products led by the private and third sector.



3. Priorities

The fund priorities include (this list is not exhaustive):

- High quality, innovative, reputation changing tourism products.
- Luxury hotels (existing expansions, upgrades and new hotels).
- All weather, all year, attractions.
- Flagship attractions.
- Innovative Activity experiences.
- Distinctively Welsh visitor focussed food experiences.
- Top end and innovative Glamping & Camping experiences.
- Spa & high quality leisure facilities.
- Innovative Cultural or Heritage related projects.
- Distinctive & high quality inns, B&B's, Guest Accommodation products.
- Unusual places to stay.

Example Projects

Serviced Sector (B&B's to Hotels)

Preference will be given to those targeting a 4 or 5 Star quality. If there is no increase in grade, but there is an 'obvious' facility improvement (e.g. a spa or conference space / business tourism use), applications may still be considered.

Self Catering

Proposals will be considered where the business has or will achieve a cluster of accommodation (as a guideline a minimum 3 units or 12 bedspaces). Priority projects are most likely to be those where there is a quality shift to a 4 or 5 Star, an addition to capacity or a central facility such as leisure or activity products, or an exceptionally distinctive heritage or innovative offer. The level of innovation, quality, and evidence of demand for the product will be critical.

Caravan & Camping

Proposals will be considered where there is a shift in grade to a 4 Star or 5 Star quality, and where there is added value, such as leisure or activity products. Exceptional schemes that are distinctive, different, or have significant environmental strengths will be prioritised.

Other Accommodation

For the most part, this includes hostels, private sector activity centres or bunkhouse accommodation. The quality standard required is to support upgrades that achieve a minimum 4 or 5 Star quality or Alternative Accommodation grade. Activity Centre projects (private sector led) can include improvements and additions to the activity offer, and need to be accredited.

Restaurants with Rooms / Restaurants

Accommodation must be to a 4 or 5 Star quality. Restaurants must evidence sense of place, location, sourcing of local foods, and a 'quality', distinctive visitor focussed product. Particular priority will be given to those schemes that can achieve a suitable accreditation for food quality and service (e.g. AA Rosette, Michelin Star). Regarding stand alone Restaurants, on occasions a particular location, sense of place, or destination status / high profile chef, could mean that the project has sufficient 'tourism credentials' to be worthy of consideration.

Golf Tourism

Funds will be directed towards on-site accommodation at golf clubs that offer an 18 hole course and that are focussed on visiting golfers. In these cases a minimum 4 Star accommodation grade should be achieved. The development of clubhouse facilities can be considered at other 18 hole courses if this forms part of an accommodation led project. Hotel / Serviced accommodation is preferred. Investment can also be considered in new or existing 4/5 star golf resort developments in strategic locations.

Attractions & Activities

The eligible works cover a range of capital expenditure, and can include creating new elements as well as upgrading existing facilities. Innovative content that can support growth in visitor spend is particularly important.

4. Eligibility

Who can apply & when:

Applications can be received from **micro and small businesses** only (under 50 full time equivalent jobs), throughout Wales, from the following:

- Private Sector businesses
- Social Enterprises or Charitable Organisations.
- Existing and Start Up businesses.

Enquiries will be continuously open throughout 2017-2020. All lead partners (including third sector) **MUST** be a financially viable business/charity with a satisfactory balance sheet, and must be a legal entity.

What can be funded?

This is a capital fund only. Revenue costs will not be considered. The minimum grant is £25,000 per application. The level of support is up to 40%. In Non Assisted Areas if the level of support is above 20% the funding route will be as de minimis aid (whereby the

support level cannot exceed 200,000 euros). For Assisted Area locations see <http://www.ukassistedareasmap.com/ieindex.html>. Where the support level is above £100,000, then a minimum of 30% of that support may be repayable, this will be agreed on a case by case basis.

What cannot be funded?

The following activities would not be considered for funding:

- General repairs & Maintenance work.
- Revenue costs such as marketing, overheads and staff time.
- New infrastructure projects that do not create jobs.
- 'In Kind' commitments cannot be considered as match funding.
- Small numbers of Glamping / Self Catering Units (unless exceptional).
- Product where displacement is a high risk (no gap in the market).
- Improvement projects where the required job output is not achievable.
- Branded budget accommodation.

Indicators and outputs

Support will be measured against the following indicators, which the applicant will be required to report upon (where applicable):

- The number of jobs created and safeguarded including beneficiaries receiving support for investments in non-agricultural activities in rural areas.
- The number of employees supported as (a) Young People, (b) Women, and (c) Welsh Speakers.
- The total intervention and match funding.
- The number of holdings / beneficiaries receiving support for investments in non-agricultural activities in rural areas.
- The number of operations supported
- The project meets with the fund priorities and reinforces the Wales brand, reflects the core values and approach and in particular, delivers against the core brand objectives:
 - Elevates Wales' status.
 - Surprises and inspires.
 - Reinforces positive perceptions.
 - Does good things.
 - Is unmistakably 'Wales'.

Link for further information on the Wales brand can be found at::

<https://www.youtube.com/watch?v=kMh3zIWaIHE&feature=youtu.be>

5. Enquiry & Application Process

All projects will be considered in two stages:

Stage 1: Following submission of the Micro and Small Business Fund (MSBF) Introductory Questionnaire (IQ) form, checks will be undertaken to ensure that all eligibility criteria have been met. Only projects meeting these requirements will be invited to submit a full application. The MSBF IQ Form can be found at:

<https://businesswales.gov.wales/zones/tourism/tiss>.

Stage 2: Full applications received will then be appraised internally by a case officer and reviewed by an independent investment panel in line with the appraisal criteria noted below. Successful projects will be recommended for Ministerial consideration and decision.

6. Assessment

Criteria

The principle criteria and points to note are:

- The minimum level of support starts from £25,000. In unusual cases i.e. where there is (a) a significant return in terms of jobs, or (b) significant economic benefit, or (c) exceptional product, some flexibility can be applied which will mean that lower value cases can be considered.
- Support can be up to 40% of eligible capital costs.
- The amount of funding per full time equivalent job (FTE) can be up to £10,000. There may be some flexibility in exceptional cases where a more significant, strategic and economic case can be justified.
- In cases where the support level is up to £100,000 the funding will be non repayable. In cases where the support level is above £100,000 there may be a discretionary element (minimum 30%) of repayable business finance, on a case by case basis.
- This is an All Wales fund. However, in Non Assisted Areas (and where the funding requested is above 20%) the support level will be limited by the de minimis aid maximums (according to the business's previous allocation of de minimis funding), and will not exceed the cumulative equivalent of 200,000 euros.

Stage 1 – Enquiry Eligibility Criteria

The enquiry will be assessed against the following criteria:

- Is the organisation eligible to apply?
- Is planning approval in place or will be in place at decision?
- Can the project be delivered within a maximum 2 year period?
- Is the amount requested in line with the scheme guidelines?
- Are there any State Aid issues?
- Is the project a tourism priority and aligned to the Wales brand?

Stage 2- Assessment Criteria

Application Appraisal & Scoring

At the application stage, the following will be assessed in further detail by the case officer:

	Appraisal Criteria	Weighting	Score
1	Strategic Fit <ul style="list-style-type: none"> • Fit with the MSBF objectives • Identified priority within the delivery of the relevant Destination Management plan • In line with Visit Wales product-led thematic year approach (i.e. Years of) • Fit with the needs of Visit Wales' market segments • Aligned with the Wales brand 	× 10	/5
2	Project quality <ul style="list-style-type: none"> • Overall quality of application and description of proposal • Benefit and impact (e.g. does it deliver measurable benefits for tourism businesses in the destination) • Innovation & experiential qualities • Environmental considerations • Aligned with the Well Being and Future Generations Act 2015, Tackling Poverty, Equal Opportunities & Gender Mainstreaming, Welsh Language standards. 	× 5	/5
3.	Evidence of Need <ul style="list-style-type: none"> • Reasons for undertaking the activity (e.g. is it a priority in the DM Plan) • References to the activity stated in the Destination Management Plan • Evidence & Research regarding market need 	× 10	/5
4.	Risks, Project Implementation and Delivery Quality of information provided for: <ul style="list-style-type: none"> • Project plan and team • Risk assessment & mitigation • Management Team Structure • Project collaboration and agreements • Quality of cost & funding evidence • Delivery 	× 10	/5
5.	Project deliverables <ul style="list-style-type: none"> • Quality of project targets • Outputs & deliverables, used to measure the success of the project • Detailed information on how these will be measured • Meets the scheme tourism priorities, outputs and RDP indicators 	× 5	/5

6.	Project Costs & Value for Money <ul style="list-style-type: none"> • Overall proposal represents value for money • Activity and associated costs represent realistic and best value quotes • Project costs, claim schedule and information is acceptable • Expected benefits are proportionate with costs • Long term sustainability acceptable • Ability to have an impact in the market place over a longer period of time • Additionality case is clear 	× 10	/5
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Each criterion will be scored out of 5. Half marks can be given.

The scores indicate the following with respect to the criterion under examination:

0 - The proposal fails to address the criterion under examination or cannot be judged due to missing or incomplete information.

1 - Very poor. The criterion is addressed in a cursory and unsatisfactory manner.

2 - Poor. There are serious inherent weaknesses in relation to the criterion in question.

3 - Fair. While the proposal broadly addresses the criterion, there are significant weaknesses that would need correcting.

4 - Good. The proposal addresses the criterion well, although certain improvements are possible.

7. Approval & Decision

Once reviewed by the Panel, recommendations will be submitted to Welsh Government Ministers for consideration and decision. You will then be informed of the final decision and if successful an award of funding offer letter will be issued. Offer letters will need to be signed, and one copy returned to Welsh Government before starting the project. ‘Start of work’ on the project, or a formal commitment, must not happen prior to the decision as this will void the application. Welsh Government is not responsible or liable for any costs incurred in the preparation of an application. You will be notified of the decision and the reasons for it. This is a discretionary fund with no set appeals process.

8. Claims Process, Delivery and Monitoring

The applicant must provide a planned payment schedule for the complete funding period for the project between June 2017 – December 2020. The number and timing of claims will then be set out in an offer letter. If additional claim periods are required, a request must be made in writing to the Monitoring Team setting out the reasons for the amendment. The decision of the Monitoring Team is final.

Project payment conditions will need to be met as set out in an offer letter. Each claim must be verified via an independent accountant report (in the case of third sector and other not for profit entities). The cost of such reporting must be met by the applicant.

The Welsh Government reserves the right to review the award of funding if agreed funding schedules are not met. All payments are made on a defrayed basis (i.e. evidence of spend) which may require a bridging facility. Each project will have a set timeframe to be achieved; this will be outlined in the offer letter. Expert project management is highly important as funding will be lost to the project if the offer timescale is not adhered to. Claim forms can be

submitted electronically but will not be processed until full evidence has been submitted and has been assessed. Once approved, payment will be made within 4 working days. Progress reports and evidence must be submitted with each claim, and it is estimated that a claim will take some 30 days to be processed from receipt of a complete claim to authorisation.

Post Completion Monitoring

Delivery and achievement against agreed outputs will continue to be recorded for at least 5 years following completion of the project and will be a condition of the offer. There is no set appeals process. However, applicants not achieving the agreed outputs will be notified and provided with detailed feedback.

9. Statutory Authority and State Aid

In Assisted Areas, the statutory authority for providing support is through the Welsh Government Capital Investment Aid & Employment Aid Scheme:

<http://wales.gov.uk/topics/businessandconomy/stateaid/schemes/capital-investment-aid/?lang=en>.

In Non Assisted Areas, where support is above 20%, the funding will be awarded in line with Commission Regulation (EC) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty to de minimis aid:

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Please note that (in cases where de minimis applies) if the applicant exceeds the limit of €200,000 de minimis aid over three fiscal years, then support cannot be provided. Where State Aid prevents, an application will be rejected.

10. EU Procurement

At the application stage, the following competitive tendering requirements must be followed, according to the total value of the goods or services purchased, exclusive of VAT

Estimated Value*	Requirement	Action
£0 - £4,999	One written quote	It is recommended to use suppliers that are registered on www.sell2wales.co.uk
£5,000 - £24,999	Three written quotes	It is recommended to use suppliers that are registered on www.sell2wales.co.uk
Over	Full and open	Requirements must be published through

£25,000	competition	www.sell2wales.co.uk Quotes may be sought by direct reference to suppliers
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*Please note that these figures are exclusive of VAT.

Please see <http://gov.wales/docs/drah/publications/160704-competitive-tendering-and-public-procurement-technical-guidance-notes-en.pdf> for further information.

The Welsh Government is obliged to publish, at least every six months, details about the beneficiary receiving Rural Development payments.

11. Welsh Language Standards

The Welsh Government has a duty to promote and facilitate of the use of Welsh language in accordance with Section 78 of the Government of Wales Act 2006. In addition, the Welsh language standards legally require the Welsh Government through funding awards to promote opportunities for persons to use the Welsh Language and to treat the Welsh language no less favourably than the English Language.

Applicants should seek early advice regarding the bilingual requirements of their projects and ensure that all aspects have been costed and included in their proposals. Welsh Language requirements include (as appropriate):

- Bilingual signage, educational, interactive and interpretative materials.
- Bilingual marketing print, unless targeting audiences located outside of Wales only.
- Bilingual website.
- Bilingual social media unless it is used for anticipated audiences that are located outside Wales.
- Training and People Development opportunities regarding the Welsh Language.
- Bilingual Job advertisements.
- A Welsh Language Action Plan & Policy.

12. Publicity

You will need to acknowledge the support on all publicity, press releases and marketing material produced as being from the Welsh Government Rural Communities – Rural Development Programme 2014 -2020, which is funded by the European Agricultural Fund for Rural Development, and Welsh Government. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government branding guidelines, which will be sent out in the award of funding offer letter.

13. Data Protection Privacy Statement

Welsh Government is the Data Controller for any information you provide. Full details of our privacy policy can be found at www.business.wales.gov.uk/privacy . Please confirm in the

relevant sections of the forms that you are happy to proceed on this basis so that you can continue to receive support and advice from Welsh Government.

14. The Well-being of Future Generations (Wales) Act 2015

The objectives of the Act show how each public body will work to achieve the vision for Wales set out in the 'well-being goals'. The seven well-being goals show the kind of Wales we want to see. The Act makes it clear that the listed public bodies must work to achieve all of the goals, not just one or two. Reference to and explanation as to how your project meets these goals will be important in the assessment of an application. The well being goals can be found at: <http://gov.wales/topics/people-and-communities/people/future-generations-act>

15. Contacts for Further Information

Regional Case Officers

Name	Location	Email Address	Telephone No
Phil Griffiths	North / Mid	Phil.griffiths@wales.gsi.gov.uk	0300 062 5397
Theresa Cartlidge	South East / Swansea, NPT and Mid	Theresa.cartlidge@wales.gsi.gov.uk	0300 061 5710
John Woodward	South West / Mid	John.woodward@wales.gsi.gov.uk	0300 062 2413