

Marsh Business Boost Scheme Guidance Notes (July 2018)



You are recommended to read the Marsh Business Boost (MBB) Scheme Guidance notes before completing the full application forms.

Please remember you must complete all parts of the full application form except where exceptions are indicated e.g. where questions relate to parent companies, and none exist and provide supporting documents which are listed in Section 10 of this Guidance.

Finally, please ensure that a written business plan forms the basis of your application. You are advised to complete the application form and business plan in co-operation with your own financial advisor.

1. What is the new Marsh Business Boost Scheme?

The Marsh Million was a £1m three-year, economic growth fund for the Romney Marsh, area funded by the Magnox Socio-economic programme, Kent County Council, Ashford Borough Council and Shepway District Council. The former scheme consisted of two elements, a business loan scheme and grants scheme for wider-economic projects.

The new Marsh Business Boost (MBB) Scheme is partly funded by recycled loan repayments from the former Marsh loan scheme and offers 0% loans ranging between £2,500-£50,000 to help start-ups, existing small businesses and social enterprises in the Romney Marsh eligible area who are seeking to develop new or expand existing products or services, where these will lead to sustained employment.

Kent County Council is the Accountable Body for the MBB Scheme with support provided by Magnox, Ashford Borough Council and Folkestone & Hythe District Council.

2. The type of funding that is available

This scheme provides financial support in the form of repayable business finance, sometimes referred to as an interest free or soft loan (see **Glossary**).

Marsh Business Boost Scheme Guidance Notes (July 2018)

Although interest is not charged, each loan will incur an administrative charge equivalent to 3% of the total value of the Loan.

Loans shall normally be unsecured, although the Accountable Body reserves the right to seek a personal guarantee in certain circumstances.

3. Where is the MBB Scheme eligible area?



MBB Eligible Area. Only specific Parishes within the local authority areas of Ashford Borough Council and Folkestone & Hythe District Council are eligible these are highlighted in Blue Map 1 Contains Ordnance Survey data © Crown copyright and database right

4. Who can apply?

You can apply for investment support from MBB Scheme if you meet the following criteria:

- **Type** – You are either a sole trader, partnership, limited company or a not-for-profit business (see **Glossary** for definition) located or seeking to locate in the MBB eligible area (see below and **Map 1**).
- **Amount** - Are you seeking a loan between £2,500 and £50,000.
- **Size** – You currently have less than 50 employees (see **Glossary** for definition).
- **Location** - Are you seeking to provide employment in the MBB eligible area. i.e. designated areas within the Borough of **Ashford** (Parishes of: Aldington, Appledore, Bilsington, Bonnington, Kenardington, Newenden, Orlestone, Ruckinge, Stone-Cum-Ebony, Warehorne, Wittersham) and the District of **Folkestone & Hythe** (Parishes of: Brenzett; Brookland; Burmarsh; Dymchurch; Ivychurch; Lydd, Newchurch; New Romney; Old Romney; Snargate; St Mary in the Marsh) - see **Map 1 Section 3 eligible areas are indicated in Blue**.

- **Timing** – You must submit your pre-application by **midnight on the 31st December 2018 (the scheme may close earlier if the current budget is expended before that date)**.
- **Jobs** – For a loan of £30,000, as a guideline we would normally expect a new project to create a minimum 3 new full-time jobs equivalent (FTE) jobs (unless there are exceptional circumstances). FTE jobs can include full time or part time staff.

5. Eligibility Criteria

In addition to meeting the criteria in **Section 4** above, all investment proposals must fulfil the following conditions:-

- **Employment & Impact** - All proposals must have a positive impact on employment in the MBB Scheme eligible area.
- **Demonstrate Need** – The applicant must be able to demonstrate the need (additionality) for financial support to go ahead or in exceptional circumstances would go ahead on a smaller scale.
- **Viability** - The organisation undertaking the investment proposal must be viable, have good growth potential and be self-sustaining by the completion of the investment.
- **Private Sector Match Funding** - The investment proposal requires support from other funding sources (see **Section 8** below for further details).
- **Number of Applications** - Applicants can only submit one application for the MBB Scheme at any one time. The opportunity to submit further applications would be dependent on such a loan not breaching State Aid rules, permission should be sought from the MBB Programme Management Team (for contact details see **Section 12**) prior to any further submission.
- **Repayment** – The normal method of repayment is via monthly direct debit and we would normally expect all loans to be repaid within a period of 5 years. However, it may be possible to negotiate a repayment holiday of a maximum of six months and repayment profiles which reflect the seasonal nature of a business sector i.e. tourism. Repayment profiles involving “balloon payments” (an unusually large payment due at the end of the loan) and also those offering to repay over a period in excess of 5 years are not encouraged.

6. What we can fund

The minimum loan that can be applied for is £50,000. The maximum loan is £2,500. In addition, the MBB loan cannot constitute more than 80% of total eligible costs. Therefore for an eligible investment totalling £50,000 the maximum MBB contribution would be £40,000.

Funding from MBB **can** be used to cover the following types of expenditure linked to investment in new or expanding existing products or services:-

- **Development Finance** - Funding required to expand the business e.g. marketing as part of a wider expansion project.
- **Commercial Premises** - Funding required to cover the costs of deposit, moving, leasing, improvement of premises (but not for the purchase of premises or land).
- **Plant and Machinery** - Funding required to cover the costs of new equipment, installation and related training.
- **Gap Funding** - Funding required to cover gaps in funding working capital where commercial funding sources e.g. overdrafts and invoice finance, cannot provide the full requirement. In such case, you must demonstrate why there is a funding gap and that other sources have been explored.
- **Staff Costs** – Funding required to cover the costs of employing of new full-time or part-time members of staff.

Capital assets funded under this scheme must be used primarily within the MBB eligible area and remain within the eligible area for a period of at least three years after the offer of funding.

7. What we cannot fund

- **Ineligible Sectors** – The MBB Scheme cannot accept applications from firms active in the following sectors as they are ineligible and they cannot be considered for support:
 - Fisheries and aquaculture (SIC 03).
 - Primary production of agricultural products (SIC 01).
 - Processing and marketing of agricultural products (SIC 10).
 - Coal (SIC 05).
 - Steel production (SIC 24.1).
 - Shipbuilding (SIC 30.11).
 - Synthetic fibres (SIC 13.1).
 - Schools, colleges and other educational provision (SIC 85).
 - Franchises.
- **Ineligible Expenditure** - We cannot fund what we consider ineligible expenditure. Funding from MBB **cannot** be used to cover the following types of expenditure:-
 - **Repayment of debt** - Funding cannot be used to repay outstanding debt to overdue creditors.
 - **Purchase of commercial land and/or property** - Funding cannot be used for any costs related to the purchase of commercial land and/or property but can be used to cover the costs of deposit, improvement, moving etc. (see above).
 - **Domestic accommodation** - Funding cannot be used for any costs related to a building primarily utilised as domestic accommodation.
 - **Residential Care accommodation** - Funding cannot be used for any costs related to a building primarily utilised as residential care accommodation.

- **Stock Purchases** - Funding required to cover the costs of stock purchase.
- **General Expenditure** - Funding cannot be used for general repairs, maintenance and/or running costs.
- **Statutory Obligations** - Funding cannot be used for projects being undertaken solely to comply with statutory regulations.
- **Expenditure already incurred** - Funding cannot be used for to recoup expenditure already incurred before a formal offer is made by MBB Programme Management Team. A full application for assistance must be submitted and an offer made before expenditure on an investment proposal is commenced.
- **Others** – Funding cannot be used for the purchase of shares, goodwill and VAT.
- **Non-Viable Investment Proposals and Businesses** - Due to State Aid regulations MBB cannot be used to support non-viable investment proposals from non-viable businesses.
- **State Aid Limits** - Any offer of finance assistance would lead to State Aid limits being exceeded. In the case of this scheme the applicant must not have received more than €200,000 of financial assistance from a public source for a trading activity over the previous 3 financial years (EU De Minimis Regulation).
- **Limited Private Sector Investment** - MBB will not provide 100% funding or cover all the costs of an investment and will seek a minimum of 20% of the total eligible costs as private sector investment (match funding). The types of eligible expenditure and the levels of funding offered for the MBB Scheme are detailed in **Section 6**.
- **Applicants in receipt of KCC Loan or Grant funding** – Applicants who have received funding from the current or former KCC managed schemes (Kent and Medway Business Fund, Expansion East Kent, Marsh Million, Innovation Investment, Tiger and Escalate) will only be able to proceed with bids if: a) their applications remain within State Aid Rules; b) that they are up to date on their monitoring and loan repayments at the time of the submission of their full application.
- **Reputation** - Investments which would result in potential damage to KCC and its partners' image and reputation.

8. Private Sector Match funding

Applications must demonstrate a requirement for MBB investment. A minimum level of 80% of the costs of an investment are required to be funded from private sector sources, such as the applicant's own resources or commercial lenders e.g. for a project costing £50,000, MBB could make available £40,000, with the business providing the remaining £10,000.

Eligible private sector match funding includes: Bank loan; Company own funds; Overdraft facility; Own funds inc. Owner, Partner's, Director's, Member's loan;

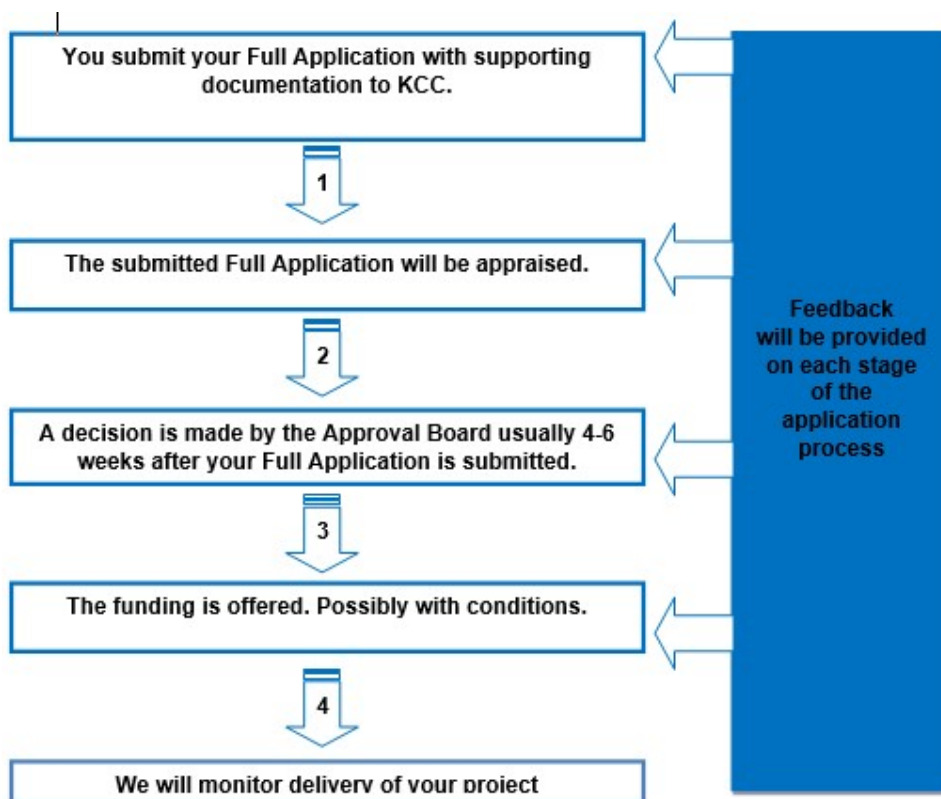
Marsh Business Boost Scheme Guidance Notes (July 2018)

Pension funds from Company; Private investor/New share capital/New equity investors.

Sources regarded as ineligible match funding include: Costs already incurred; Loans or overdraft facilities which have been committed to cover previous expenditure.

Applicants should aim to have secured match funding by the time that they submit their full application. At full application stage all applicants must complete a Match Funding Declaration (Part 2) which confirms the level and sources of this match funding.

9. The MBB Application Process



10. Application & Appraisal

Your funding submission should consist of the following **Application and Supporting Documents** :

- A completed and signed copy of the full application (a template is available).

Marsh Business Boost Scheme Guidance Notes (July 2018)

- A business plan detailing the business history and future plans (a template is available).
- Up to two year's statutory audited/unaudited/drafted accounts (this would depend on how long the business has been in existence - this documentation is not required for start-ups).
- At least two year's projected balance sheet, profit and loss and cash flow (including forecasted loan repayments). In the case of cash flow these should be provided on a monthly basis (a template is available).
- A copy of any planning approval or licence (if relevant).
- In the case of a not-for-profit business please enclose a copy of the relevant clauses from your memorandum and articles of association, rules or governing documents, which relate to how the organisation distributes profits.
- Completed De Minimis Declaration (Part 1) and Match Funding Declaration (Part 2) (a template is available).

These can either be submitted by email to marsh.million@kent.gov.uk or by post (address to the listed in **Section 12**)

On receipt of your application and supporting documentation the MBB Programme Management Team will undertake a key criteria check to ensure conformance.

Please note that by submitting a MBB application your organisation is agreeing to KCC seeking necessary credit references or reports. All proposals and supporting documents must be the property of the applicant and must not infringe any existing patent or copyright and all applications will be deemed as commercial and in confidence.

The appraisal team appointed by KCC may need to raise questions with applicants to clarify issues or request additional information. The appraisers will make recommendations to the monthly Approval Board meetings. Applicants will be invited to attend an Approval Board to make a presentation related to their application. Final decisions on awarding or withholding investment will be at the discretion of KCC. The dates for submissions of full applications and supporting documents are outlined in **Table 1** below. If you submit your Full Application and supporting documents by the 7th November 2018 a decision on your application will be made on the 7th December 2018. If you submit your Full Application and supporting documents by the 14th February 2019 a decision on your application will be made on the 14th March 2019.

Deadline for Submission of Full Application and supporting documents	Approval Board Date
<u>7th November 2018</u>	7th December 2018
<u>14th February 2019 *</u>	14th March 2019

* Your pre-application must have been submitted by the 31st December 2018

Table 1

If your application is successful, you will be informed of the decision by telephone normally within 3 working days of the Board meeting and also be provided with an offer letter detailing the level of finance and the conditions associated with the

funding. This will constitute part of the contract with KCC as the Accountable Body for the MBB Scheme. If your investment proposal is unsuccessful, then your letter will provide information on the reasons for this decision.

Payment of funding is dependent upon agreed investment and/or employment milestones being achieved by the recipient (to be set out in the offer letter).

- Suitable milestones will be identified from the information contained in your business plan; these will then be monitored during the lifetime of the investment period and 3 years beyond the final payment to ensure that the conditions of the finance offer have been met.
- All details will be fully documented in the offer letter.
- Any award of finance under the MBB may become repayable in its entirety if the investment should move outside the MBB eligible area.

11. Guidance on the content of the Business Plan

Your business plan is an essential part of the application process and you must submit one copy of this document along with copies of your full application form and other supporting documentation (see **Section 10** above). Your business plan will remain “commercial in confidence”.

The business plan must be specific to your proposal but should also refer to how your proposal links to any other parts of your business already in place, if appropriate. A template of a business plan will be provided to all prospective applicants.

12. Contact for further Information

MBB Programme Management Team

Kent County Council
2nd Floor, Invicta House, County Hall
Maidstone ME14 1XX
Email: marsh.million@kent.gov.uk

Glossary of Terms

Additionality	Applicants must describe the additionality of their project and the ways in which this will be achieved. For example, demonstrate the reasons why MBB funding is necessary to enable the proposal to succeed? Provide the reasons why the project would not go ahead without MBB funding.
Administrative Charge	Equivalent to 3% of the total value of the Loan.
De Minimis	Commission Regulation No 1407/2013 which covers MBB and sets a threshold for applicants of €200,000 for financial assistance from a public source for a trading activity over the previous 3 financial years.
Innovation	Applicants must describe the innovation of their project and the ways in which this will be achieved. For example, explain how your application will be innovative to the MBB eligible area? How the application will be innovative in terms of your business type or sector?
Jobs Created	These can include full time or part time.
Jobs Safeguarded	A job that would otherwise have ceased to exist within 6 months of receipt of funding.
Loans	MBB loans are offered at 0% interest to eligible businesses (with a 3% administrative charge) and repayments terms are flexible within certain parameters.
Not for Profit Business	Either: Charities; Community Interest Companies; Companies limited by guarantee or Industrial & Provident Societies
Security	Loans shall normally be offered unsecured, although the Accountable Body reserves the right to seek a personal guarantee in certain circumstances i.e. high level of risk.
Small Business	The EU defines a small business (enterprise) as: <ul style="list-style-type: none"> • Employing less than 50 people • Having a balance sheet that is less than €10m • Annual turnover less than €10m pa.