

# Scale Up 4 Growth (S4G)

## Guidance for Applicants



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## Table of Contents

1.	About Scale Up for Growth (S4G) and European Regional Development Fund .....	1
2.	S4G workshops .....	1
3.	S4G Grants and 1:1 advisory sessions .....	2
3.1	Am I eligible to apply for an S4G grant? .....	2
3.2	What types of project will be supported by the S4G grant scheme? .....	2
3.3.	How can I access a 1:1 advisory session? .....	2
4.	Further information for S4G grant applicants .....	3
4.1	Intervention rates .....	3
4.2	Eligible costs .....	3
4.3	Non-eligible costs .....	5
4.4	The S4G grant application process .....	5
4.5	How will my S4G grant application be assessed? .....	6
4.6	Job Creation .....	7
4.7	New to market product creation .....	7
4.8	Private match funding .....	7
4.9	The Grant Offer Letter .....	8
4.10	Claims .....	8
5.	Data protection .....	8

## 1. About Scale Up for Growth (S4G) and European Regional Development Fund

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. Established by the European Union, the ERDF helps local areas stimulate their economic development by investing in projects which will support innovation, businesses, create jobs and local community regenerations. The Ministry for Housing, Communities and Local Government is the managing authority for ERDF in England. For more information visit <https://www.gov.uk/european-growth-funding>.

ERDF, through the West of England Local Enterprise Partnership, operates through bidding rounds. The Scale Up 4 Growth (S4G) programme is the result of a successful bid by the University of the West of England, Bristol (UWE Bristol) to run a programme of support in the West of England (defined as Bristol, Bath and North-East Somerset, North Somerset and South Gloucestershire) to help enhance the competitiveness of Small and Medium Enterprises (SMEs).

The S4G programme is delivered by the unique S4G Partnership of UWE Bristol (lead partner), National Westminster Bank Plc and Foot Anstey LLP (the Delivery Partners) and includes:

- Two day 'High Growth and Scale Up' workshops, delivered across the West of England by the S4G Delivery Partners, to SMEs with ambitions to grow
- Grants of between £10,000 – 40,000 to support projects that will help ambitious SMEs in the West of England address barriers to business growth
- Access for S4G grant recipients to 1:1 advisory sessions with UWE Bristol, NatWest and Foot Anstey

The aim of the S4G Programme is to accelerate high growth potential SMEs in the region to achieve their growth ambitions, reaching scale-up status wherever possible. The key measures for S4G are private sector investment and job creation. There is additional emphasis on creation of new products and services.

Grant funding represents State Aid and the Scheme operates under the [EU General Block Exemption Regulation](#) which defines various parameters within which it can operate.

## 2. S4G workshops

SMEs in the West of England with growth plans can participate, free-of-charge, in a two-day workshop addressing key challenges relating to achieving and sustaining growth. Workshops will be delivered by UWE Bristol, NatWest and Foot Anstey and are accessible to start-ups, SMEs, Social Enterprises, S4G grant recipients and scale-ups from a range of sectors.

Through the workshops you will be supported to increase your growth capacity through the provision of advice and peer to peer support across the 5 growth challenges set out below.

Finding talent/skills

Building leadership capacity

Increasing sales

Accessing finance

Accessing infrastructure

The [Scale-Up Report on UK Economic Growth \(2014\)](#) and the [Scale-Up Review on Economic Growth \(2016\)](#) both identify five growth challenges facing scale-up and high growth enterprises: finding talent/skills, building leadership capacity, increasing sales, accessing finance and accessing infrastructure [www.scaleupinstitute.org.uk/](http://www.scaleupinstitute.org.uk/)

Workshops will be delivered in various locations across the West of England during 2019 – 2020. If you or someone in your business is interested in attending one of these workshops, and for further information regarding dates and locations, please indicate your interest by registering on the S4G website [www.scaleup4growth.co.uk](http://www.scaleup4growth.co.uk)

Note: you do not need to apply for/have received an S4G grant to attend an S4G workshop.



### 3. S4G Grants and 1:1 advisory sessions

Grants are available to SMEs in the West of England for projects that address their barriers to business growth.

Eligible businesses can apply for grants of between £10,000 and £40,000, which will fund 37.5% of project costs. Businesses will need to demonstrate their potential and ability to generate new jobs or increase turnover to achieve their growth ambitions.

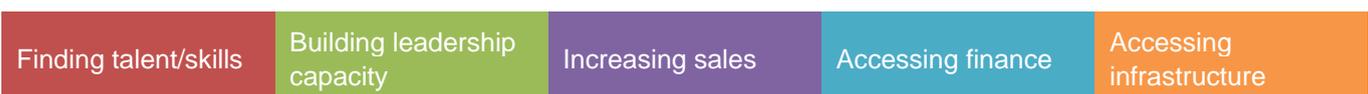
#### 3.1 Am I eligible to apply for an S4G grant?

The grant scheme is aimed at SMEs in the West of England LEP region who can demonstrate ‘high growth potential’: the potential to generate growth in job creation or turnover in order to achieve their growth ambitions. This includes pre-start-ups, start-ups, micro enterprises, social enterprises and sole traders as well as established companies. We use the [EU SME definition](#), which takes into account headcount and turnover, but also relationships with other enterprises.

You will need to consider whether your enterprise is autonomous – by far the most common category – a partner enterprise, or a linked enterprise. To do this, you must take account of any legal relationships you have with other enterprises. Depending on the category in which your enterprise fits you may then need to add some, or all, of the headcount, turnover or balance sheet data from those enterprises to your own. (For example, if an individual owns over 25% of the business, and also has similar or higher level of ownership of other businesses, the other businesses may be considered ‘linked’.)

#### 3.2 What types of project will be supported by the S4G grant scheme?

The S4G grant scheme aims to support projects that will help high growth potential SMEs address barriers to business growth. We will look to support projects and business initiatives where there is a clear ambition to expand. Proposals will also ideally link to at least one of the five growth challenges facing scale-up and high growth enterprises:



We may, under certain circumstances and where appropriate, be able to support projects that fall outside these requirements; however we would encourage applicants to discuss these projects with us before submitting an application. Please email [S4G@uwe.ac.uk](mailto:S4G@uwe.ac.uk) and we will arrange for one of the S4G team to contact you.

#### 3.3. How can I access a 1:1 advisory session?

Every successful grant funding recipient will also have access to each of the Delivery Partners on an individual basis for 2 hour 1:1 advisory sessions to discuss, seek advice, or receive practical support with growth challenges that are causing barriers in your ability to grow and scale-up. This expert support will be structured around and focused on the five growth challenges set out above.

These expert sessions will be delivered at the Delivery Partners’ or SMEs’ premises across the West of England LEP area. Further details about 1:1 advisory sessions and how to book will be provided to successful grant recipients. If you are a successful grant recipient and have a query about a 1:1 advisory session please email [S4G@uwe.ac.uk](mailto:S4G@uwe.ac.uk).

## 4. Further information for S4G grant applicants

### 4.1 Intervention rates

As stated above, ERDF aims to encourage private sector investment and we are unable to offer the maximum grants allowable under State Aid rules. We will offer grants of up to 37.5% to SMEs. For further background, see the EU [General Block Exemption Regulation](#).

### 4.2 Eligible costs

#### Direct costs:

##### Materials used

Materials used are those you have bought from other organisations.

The purchase of mobile assets such as mobile phones, computers, laptops, tablets and motor vehicles can be included as an eligible (growth related) project cost. This is on the basis that they are used in delivering an approved project and that depreciation is taken into account.

##### External costs

External costs such as consultancy, or sub-contract charges and fees for trials and testing, are eligible. However, you must explain why the work on the project cannot be carried out more effectively and cheaply in house.

##### Market assessment

External costs such as consultancy, or sub-contract charges and fees for market and feasibility analysis as well as business, product and service design and development are eligible. However, you must explain why the work on the project cannot be carried out more effectively and cheaply in house.

##### Capital equipment and tooling costs

Capital equipment and tooling costs are only eligible if they are needed for the project. Capital expenditure that cannot be clearly demonstrated as directly related to the delivery of an activity may not be included within the eligible costs of a European Regional Development Fund operation.

The costs of tools and equipment should be depreciated for the period of the funded project activity. If such tools and equipment retain ongoing financial value after the lifetime of the S4G project, grant monies will only be paid against the 'depreciated' value (the original purchase value, minus any retained/ongoing value after the S4G project ends). Please provide a breakdown of equipment required for your S4G project using the Residual Value Calculator tab in the Budget template and transfer these values into Non-Payroll (Capital) section.

##### Training

Training costs are eligible if they are necessary for the project work.

##### Trials and Testing

These are eligible activities as part of a project, but do not constitute a project in their own right.

##### Intellectual Property

Intellectual property costs are capped at 5% of the total S4G project budget.

### VAT (Value Added Tax)

If your business is VAT registered you will already be reclaiming any VAT paid on S4G related purchases through your standard HMRC VAT return. As a result, we will only pay grant monies against the net (ex. VAT) value of your quarterly claims. If, however, your business is not VAT registered, we will pay grant monies against the full gross (inc. VAT) value of your claims.

### Evidencing direct costs:

All expenditure must be evidenced in line with ERDF requirements. This evidence includes, but is not limited to:

- Invoices
- Bank statements
- Order documentation

In line with European Regional Development Fund procurement rules you are required to comply with the guidelines in the table below for all project related expenditure. Please note, the values given are cumulative per supplier – therefore, the stated Minimum Procedure must be undertaken at the point when the total value of contracts with a single supplier reaches the relevant threshold (whether this happens as the result of a single purchase, or cumulatively as the result of multiple purchases over time).

E.g. If you pay a supplier £21,000 for goods or services this can be undertaken as a direct award - category 1 in table below. If you subsequently intend to purchase additional goods or services from the same supplier, but these would cost £4,100, you would need to follow category 2 or 3 in the table below, depending on whether you were purchasing services, works or supplies (£21,000 + £4,100 = £25,100).

	Value of contract	Minimum Procedure	Advertising Required
1	£0 - £25,000	Direct award	None
2	£25,000 - £200,000 (services) and £4.5m (works)	The advert needs to incorporate or direct any interested party to the following information: <ul style="list-style-type: none"> <li>- Details of the opportunity</li> <li>- What is required from all interested parties</li> <li>- How successful candidate will be chosen</li> <li>- Deadline and details of how to apply</li> </ul> Justification will also be required to demonstrate that the contract award is in line with the advert	Advertise the opportunity on the grant recipients/or other appropriate website for 10 days
3	£25,000 - £200,000 (supplies)	3 written quotes or prices sought from relevant suppliers against a clear specification  Justification that a reasonable decision has been made on the basis of the quotes/prices	None

4	Over £200,000 (services and supplies) and £4.5m (works)	<p>The advert needs to incorporate or direct any interested party to the following information:</p> <ul style="list-style-type: none"> <li>- Details of the opportunity</li> <li>- What is required from all interested parties</li> <li>- How successful candidate will be chosen</li> <li>- Deadline and details of how to apply</li> </ul> <p>Adhere to the Guidance on Identifying, Managing and Monitoring Conflicts of Interest within ERDF and ESF, and submit a declaration to MHCLG or DWP;</p> <p>Impartially assess each bid against the same criteria and demonstrate this through use of a score/evaluation sheet; and</p> <p>Provide evidence to demonstrate that the winning bidder has been selected on merit – as a minimum this should include a rationale behind the decision to award</p>	Advertise the opportunity on the grant recipients/ or other appropriate website for 10 days.
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Grant recipients must ensure that contracts procured through the above processes are valued accurately and are not artificially split in order to fall below certain thresholds. The route followed must be based on the full value of the contract and not linked to the amount of ERDF involved, the value of the S4G grant or the project intervention rate. Direct awards to linked organisations are not acceptable.

The process you follow must be recorded and the relevant procurement documentation retained and made available to us as part of the quarterly claims process and the project audit trail.

### 4.3 Non-eligible costs

The following are examples of non-eligible costs:

- Internal staff costs
- UWE Bristol or Foot Anstey subcontracts
- 'In kind' contributions
- Interest charges
- Input VAT (if it is reclaimable from HM Customs and Excise)
- Dividends and bonuses
- Hire-purchase interest and any associated service charges
- Profit earned by a subsidiary or related business in providing materials, subcontracting, consultancy or trials and testing
- Buying land and buildings
- The cost of any consultancy used in applying for the grant
- Contingency costs

### 4.4 The S4G grant application process

In order to apply you need to register your interest through our website [www.scaleup4growth.co.uk](http://www.scaleup4growth.co.uk),



NatWest



European Union  
European Regional  
Development Fund

providing a 50 word summary of your business. We will send you a reference number and an application form in Word (.docx). Please carefully follow the guidance provided on the website when filling in the application form and complete it in full.

At least two independent, expert referees/assessors in a relevant industrial field will assess your application.

### The deadline date for applications is midday on Thursday, 7 March 2019.

#### 4.5 How will my S4G grant application be assessed?

Final decisions on which grants progress to due diligence will be made by an investment panel appointed by UWE Bristol and informed by the independent referees' reports. The panel will comprise of individuals who have relevant experience/knowledge of enabling business to achieve their growth potential and addressing barriers to growth. Following the deadline date for applications on Thursday, 7 March, please be advised that it can take up to 2 months for the S4G team to respond with the final decision.

The following will be considered at panel meetings:

<b>High growth potential</b>	The Panel will carefully consider how the proposed project will help to expand the grant applicants business and what barriers to growth have been identified by the grant applicant. They will consider how the proposed project addresses these challenges and how it will enable the applicant to realise its potential to generate growth in job creation or turnover and achieve their growth ambitions.
<b>Work plan</b>	The Panel will carefully consider how realistic the work plan is; whether the risks have been mitigated as far as possible; and the likelihood that it will be completed by the deadline, consideration of the ability of the business to deliver the project this will include a review of the business premises, the commitment and drive of the business owners and management team, the culture for growth within the organisation and the track record of delivery.  The project work plan will need to be detailed with measurable targets and outputs at a minimum of a quarterly period.
<b>Business proposition</b>	These considerations include whether there is a market for the business offer, the size of the market, and how the SME plans to introduce or expand their product or service. How close to market is the business product/service and are the skills within the organisation to realise the opportunity.
<b>Applicant and business</b>	These considerations include the SME's experience and skills, whether the project and their business is viable, their track record, and whether they have a good business case for support. Assessment of the cash flow position of the business and the financial security or plans in place to realise the growth ambitions beyond the S4G grant.
<b>Added Value</b>	Grants will only be given if there is a good justification that the funding is essential for the project to go ahead, or if they will significantly enhance the speed or scope of delivery/potential outcomes.
<b>Jobs created</b>	The Panel will consider the likelihood for proposed figure for job creation and the likelihood that this is achievable.

<b>New to market products</b>	The Panel will consider the proposed figure for new product/service creation and the likelihood that this is achievable.
<b>Justification of costs</b>	The Panel will consider whether the project costing is clear and reasonable, and whether subcontract costs are justified.
<b>Value for money</b>	The Panel will consider whether the project looks good value for public funding.
<b>Location/nature of proposed project</b>	The Panel will consider the location and nature of the proposed project. This may become important particularly if overall funds are limited. The S4G Programme may look at West of England LEP priorities and also local need for private sector growth.

## 4.6 Job Creation

A Job Created is a new, permanent job, created as a direct result of the funded S4G project. These are measured by the additional number of full time equivalents (FTEs) employed by your company as a result of the S4G project.

**Full Time Equivalent (FTE)** - Equal to one full-time job or two part-time jobs:

Full-time job = minimum of 36 hours per week

Part-time job = minimum of 18 hours per week

‘Permanent’ means that it should have an intended life expectancy of at least 12 months from the point at which it is created. Jobs created must be maintained for a minimum period of one year. A full-time equivalent (FTE) job created can be counted even if it does not last for 12 months, provided there is contractual evidence the intended life expectancy of the job was 12 months.

If you are a sole trader, you will need to self-declare to confirm details of post started, salary, duration and number of hours per week.

Seasonal jobs may be counted where this is normal practice for an industry. In this instance, the job must exist for a minimum of 4 weeks per annum and should be counted on a pro-rata basis.

Eligible jobs must be created by March 2021 at the very latest.

You will be asked to report on the jobs created on a six monthly basis from the date of your Project End Date, up to one year after the last job was created.

**It is expected that, on average, one new job will be created per £8,500 of grant issued. The offer letter will include details of the target for jobs created and these will be monitored regularly for the duration of the period specified in the same document.**

## 4.7 New to market product creation

Products or services that are new to the market will be measured throughout the life of the project. The offer letter will include details of the relevant targets.

## 4.8 Private match funding

Before your project starts, we will ask for evidence that you have the funding mechanisms in place to manage

your cash flow across the life of your project, as claims are made retrospectively after project expenditure has been incurred by you. This evidence could include letters of credit, intentions to invest, etc. If you do not complete your project due to cash flow problems that you could have anticipated and managed, we may request repayment of any grant already issued.

Match funding should ideally be in place before due diligence is completed. However, we recognise that some projects will need to use the offer of a grant to leverage private investment in the project. The match funding will need to be secured or, in some cases, a realistic forecast of match funding provided, before the project can start. If this is likely to be the case with your situation, please state this within the application form.

## 4.9 The Grant Offer Letter

Your Grant Offer Letter will re-confirm the following information, taken from your application form:

- Financial Forecast showing the anticipated spend of the Project broken down into quarter year periods (“Quarters”) throughout the life of the Project, commencing at Quarter 1 (from the start date of the Project).
- Project Plan breaking down the original proposal for delivery of the Project into individual packages of work, with assigned estimates of the resources and timescales needed to achieve each.
- A milestone register showing key milestones with an assessment of the cost associated with reaching each milestone.
- An Exploitation Plan for the Project, containing further information, including the market and business opportunities, from that provided in the original application, setting out how the applicant will exploit the project.

Once your Grant Offer Letter has been issued you will need to:

- Accept the offer by signing the Grant offer Letter (Director or other authorised signatory) and returning one copy to us, retaining the other copy for your records.
- Complete a UWE Bristol ‘Supplier Form’ issued to you by the S4G Project Officer.
- Provide your business bank account details on headed paper.

## 4.10 Claims

Claims for grant monies must be submitted by you to UWE Bristol quarterly in arrears. Each submitted claim form will require you to report briefly on project progress and provide evidence that you have incurred those costs that you are claiming (i.e. that payments have gone out, not simply that you have been invoiced).

Further support around the claims procedure, and evidencing for an ERDF project, will be provided for successful applicants.

## 5. Data protection

By registering to take part in the S4G programme you agree to the ERDF data privacy notice. The ERDF require us to retain your application data until 31 December 2033. After the closure of the S4G programme (30 June 2021) this data will only be accessed for the purposes of reporting or audits and will not be used to contact you.