

# Business grants for business growth and recovery

***By Rachel Eade MBE, FRSA, Supply Chain Lead at Birmingham Centre of Rail Research and Education.***

In this article Rachel Eade MBE shares with us her thoughts of how to access business grants as way to rejuvenate and grow business post Covid lockdown periods. Rachel is passionate about UK manufacturing and supporting companies grow and develop. She has over 20 years' experience specialising in transport industries and their supply chains.

The UK relies heavily on small business and entrepreneurship to boost the economy, to increase employment opportunities and to bring money into local communities. This is vital to re boosting the UK economy as we recover from the impact of Covid 19, whilst transitioning out of the EU. There is a common misconception that there are no grants available, but there are a number of funding agencies and opportunities; the majority of them don't promote themselves. In other words, they can be difficult to locate and get the information to apply to them. The is often because the funding agencies don't spend money to promote themselves and indeed are often not allowed to do so, as they prefer to allocate the available funds to funding businesses and projects that will benefit the local community and create jobs. With that in mind, business owners, unless they know where to look and what to look for, often end up not finding the funds they need.

Before starting any sort of funding search for your business, it is important to understand how grant funding works. Grants are not free money, they are there to stimulate growth, investment and innovation, with an expected return on the investment required – be that the creation of new jobs, higher and new skills or new products and processes. Business support funding is available for most types and sizes of companies making the search and application difficult as each fund will be targeted to achieve specific outcomes and so come with its own set of criteria.

In addition to grants, there is a wealth of support in the form of government loans, tax breaks, tax credits and subsidised access to specialist services. These are offered alongside grants to boost the economy, create growth and new jobs by helping companies with expertise and developing skills to enable growth of capacity and capability. Funds are allocated to various agencies who are responsible for disbursing the funds to the eligible businesses in order to meet the growth expectations. Ultimately if you grow your business, you will employ and train more people, paying more taxes (giving back) and you are boosting the economy.

The various government funding programmes available across the UK are for every business which meets the eligibility criteria determined by local need and the individual fund. There are funding programmes for start-up businesses, small and medium sized businesses, as well as larger companies across a wide range of sectors and project areas. The UK Government has provided a number of grant and loan schemes for companies hit by Covid 19 and enforced closures. These are alongside the furlough scheme and various tax payment extension dates

Overall the majority of funding programmes fit into one the three of the key categories:

- Non repayable grants
- Subsidised expertise and programmes
- Conditionally repayable grants or loans

**The non-repayable grant** is the most requested type of grant. These grants are exactly as they sound – non repayable. Meaning, the money you obtain from this type of grant programme does not need to be paid back – unlike a loan. However, that doesn't mean that you can just use the funds for anything you want – these grants fund very specific needs a business may have and are provided based on those needs (as long as you're eligible) and there is always an "output" required. If the funds are not used for the agreed project and the expected outputs achieved, the fund may ask for the grant back. Most if not all grants are offered on % of the total project spend basis, with detailed criteria re the eligible spend areas. Many of the current grants are EU funds and open to extensive audit programmes.

**The subsidised expertise and programmes**, or partial contribution government grants are great options, they are much like the non-repayable government grants as in most cases you as long as you complete the programme and achieve the objectives of the programme won't have to pay the grant back however the "partial contribution" part of it asks that you provide matched funds or contribution of your time in order to qualify. Some funds will offer a % of your project funds for example if your project budget is £50,000 grant funding may provide 30%/£15,000 and you will have to provide the other 70%/£35,000. The partial contribution percentage can vary from project to project.

**Government backed loans**, whilst these are often not viewed as good as obtaining non-repayable grants, they are much easier to obtain and are more readily available via more and more lenders and agencies. The Government may offer a level of guarantee for the loans.

A very special, often forgotten government funding opportunity that many businesses simply end up skipping over are tax breaks and tax credit programmes. These include the current Covid related tax deferral and time to pay schemes. For companies that do fund innovation and development projects, tax breaks and tax credits are available as a credit against expenditure on eligible spend during tax year. R&D tax credits can provide you a credit towards research and development costs. While they may not be favourable initially, tax credit programmes are worth exploring.

While funds are available for all businesses it is important to determine via funding experts the specific funding options available in your area and each funds criteria.

It is key to be prepared before you apply for any funding programme and to ensure you are ready:

1. You will need to be registered as a business This does not mean you have to be active and trading at the time of application, but you do need to have your business registered and the funding application must be a business one.

2. You will need to have a detailed business plan – a business plan that explains your business model, the industry you are in, the market, growth potential, shows your financials and clearly explains your funding/project needs will be a must. In most cases, government agencies will use the business plan to determine your eligibility so it's important to ensure you have a solid business plan explaining your business model and your needs.

3. Understand the fund criteria and application timescales.

4. Money in the bank, while many funding programmes won't require you to have your own capital to invest, but will require evidence of match funds and their availability.

Once you have identified a suitable fund, meet the criteria, you will need all of the required documents and evidence each programme will ask for. These could include:

- Policies for areas including; health and safety, equal opportunities, data protection, training
- Financial details, accounts for up to the last 3 years, payroll, insurances
- Evidence of match funding
- Business Plan
- Project details, including expenditure, times scales, delivery partners
- Skills and training opportunities, apprentices, schools engagement and placements
- Job creation
- Project leadership, monitoring and review
- Risk register
- Planning permission, landlords permission

You should be aware of the deadlines, each programme may have a different deadline for applications and project completion.

The key message is to seek advice and help. There are a wide range of organisations offering support to help you review and develop

growth and innovation in your business along with developing digitisation plans and help you identify the relevant funds. Along with your accountant and bank these include:

- Local Growth Hubs
- Universities
- Sector specialist research centres
- Specialist trade organisations and Chambers of Commerce

#### **More on Rachel Eade:**

***Rachel has over twenty years' experience in business support and development, specialising in the automotive and transport manufacturing supply chain since 1996. Awarded an MBE in the 2014 New Year's Honour's list for services to the automotive industry, and in May 2015 received the ISME Gold Medal Award, along with being recognised by The Manufacturer/Innovate as one of the 2020 Top 30 Women in Manufacturing and a Fellow of the RSA. Her portfolio includes being a Board Member at the Black Country LEP, Supply Chain Lead at the Birmingham Centre for Rail Research and Education, Rail and Advanced Manufacturing Account Manager at GBSLEP Growth Hub, Elected member at the Automotive Council, Manufacturing Awards and F1 in schools judge, and member of the ICAEW Manufacturing Advisory Group.***