

European Regional Development Fund (ERDF)
Property Investment Programme (PIP) Grant Scheme

Guidance for Applicants

ERDF is a component of the European Union's Structural Funds. Structural Funds are monies allocated to regions (in this case the West Midlands) to stimulate economic development.

ERDF Programme Objectives:

- Achieve a significant increase in the productivity of the business base in the West Midlands.
- Reduce unemployment and inequalities.
- Ensure that the region's economic growth is achieved in a sustainable manner.

Birmingham City Council has gained approval for ERDF funds for this Property Investment Programme (PIP) Scheme with the aim of enabling small and medium sized enterprises to apply to the Council for funding to invest in their workspace, leading to improved productivity and job creation. (Whichever is the lower amount).

For eligible projects, grant will be 50%, total grant offer will be subject to De Minimis limit which is currently €200,000 (Euros) and will be determined in line with current EU 'State Aid' guidelines. Total project costs must be minimum £30,000.

The Euro to Sterling exchange rate will be calculated on the day the grant 'Offer Letter' is issued.

Applications are now invited. The following information is intended to assist you in making an application. Please read the enclosed conditions carefully as they will form the basis for a contract of grant aid. If you have any questions please contact the project delivery team on 0121 464 9861. E-mail: pipenquiries@birmingham.gov.uk

For enquiries relating to planning please refer to your local 'Planning Authority' for further information and guidance.

The completed final application form together with all the supporting information requested should be sent:

- (Preferable) via email to: pipenquiries@birmingham.gov.uk
- Or, in a sealed envelope to: **Birmingham City Council, The Business Development and Innovation Team, Economy Directorate, PO Box 17108, Birmingham, B2 2WF.**
Marked 'For the Attention of Ashfaq Ashraf – Principal Business Officer

Completing the Application Form

Please use these guidance notes set out below to help you complete the application form. You are encouraged to contact us if you are unsure about any of the aspects of this form and process.

Section 1 – Project Title

Please complete all sections.

Project Sound Bite Tell us in one sentence (30 Words) what your project will do and what it will achieve. For example, *'we aim to build a new 200 square foot extension to our existing industrial unit; this will increase our production capacity by 20% and create 5 new jobs'*.

Start Date (Funding Period Commencement Date) – this is the date you anticipate starting the project. You must allow sufficient time to obtain all necessary approvals, such as planning approval, before your start date. Our approval process will take approximately 12-weeks to complete.

End Date (Funding Period End Date) – by this date all the building works will be completed and all the outputs will have been achieved.

Total Project cost is the Match (applicant contributions) plus the ERDF Funding requested.

Section 2 – Project Applicant

Please complete all sections.

Q2.1 Please tick as appropriate.

Q2.2 To be eligible for an ERDF Property Assistance Grant, more than 50% of your organisation's annual income must come from private sector sources.

Q2.3 and Q2.4 please complete - if applicable.

Q2.5 To be eligible for an ERDF Property Investment Programme grant you must be a Small or Medium Sized Enterprise (SME). An SME is defined as:

- Employing 250 or less staff;
- Having either an annual turnover not exceeding €50m (Approx. £37.5m depending on exchange rates at the time) or an annual balance sheet total not exceeding €43m (Approx. £33 m depending on exchange rates at the time);
- Where no more than 25% of the capital or voting rights is owned by an enterprise (holding company) which is itself not an SME.

We can provide the full EU subscribed legal definition of an SME if required. Please refer to Section 3.

Q2.6 Please complete; number of employees should be Full Time Equivalent (FTE) where Full Time = employed for more than 36-hours per week. We will require a full list of existing jobs. This information can be taken direct from HMRC payroll information for the applicant company.

Q2.7 – Q2.10 Please complete as appropriate.

Section 3 – Group and Related Company Detail

ALL applicants are required to complete the relevant sections (pages 46 to 54) of the ‘SME EU ERDF Definition Guide’ document available on our webpage.

Section 4 – Project Details

Q4.1 Description of Project - please provide sufficient information for us to understand:-

- the works to be carried out,
- when the project will be delivered,
- how it will be delivered,
- who will be responsible for the works (including any recruitment needed),
- who will carry out the works (including any recruitment/procurement needed),
- what will be the benefits/impact of the project (including outputs and longer-term benefits/impact).
- please list job-roles to be created as a result of this project, for example, ‘Machine operative / Office Manager.

Q4.2 Market Demand - It is important that there is demonstrable market demand for your project to ensure that the impact of the project on the area and wider economy is likely to be achieved. In addition, it is important to demonstrate that the achievement of your proposed outputs is realistic. Please refer to sections of your business plan, market research/surveys, consultations etc. as appropriate.

Q4.3 Priorities - Please familiarise yourself with GBSLEP Strategic Economic Plan this document relates to the long-term economic plan for the area in which your project is located. This document sets out the priorities for these funding programmes. Please explain how your project will meet/contribute to these priorities. Ensure that you include both the Strategic and Funding Priorities. ***The relevant document is available on our website: www.birmingham.gov.uk/PIP. On the ‘Overview’ page as highlighted: ‘Greater Birmingham and Solihull Local Enterprise Partnership Strategic Economic Plan’.***

Q4.4 Please describe the activities currently being carried out at the premise (if any), for example: *‘the manufacture of small metal components for the automotive industry’*. Please including planning use applicable to the premises i.e. B2/B8 class - where possible.

Q4.5 End Use Activities – The BCC Property Investment Programme is designed to help businesses improve land and premises by providing financial support towards the cost of physical development works, with the primary purpose of increasing and/or improving business accommodation space and creating jobs. Associated development works may be considered if part of a larger scheme or expansion programme.

The main aim of the programme is to increase business activity in the target area by stimulating investment and the creation of new jobs. Only certain end use activities are eligible for this funding programme.

Please note: the commercial floor space for which funding has been provided must be occupied with an ERDF compliant eligible end use.

What type of business activity is eligible (list non-exhaustive):

B1 to B8, planning categories
Manufacturing and processing
Business to business services

Not eligible (list non-exhaustive):

Retail (ANY activity that serves the public including professional advice and services)
Public services
Housing
Purely warehousing and distribution
Business to public services
Education
Restaurants
Hotels (unless there is clear evidence of market need)
Conferencing (unless it is 100% business to business)
Leisure and events
Day Nurseries
Banks and financial institutions

Additional rules for supporting premises for enterprises:

- The rent requested from the tenants must be at the prevailing market rate in the area, unless a lower rate is compatible with State Aid rules.
- The premises should not be constructed to meet the specific requirements of a single user for the economic life time of the investment.
- Only activities which enable the creation or maintenance of permanent jobs are eligible as tenants.
- Demand within the programme area, in terms of size and type of premises, must be demonstrated either by evidence of market failure in the eligible area, by full occupancy of similar units in the area or by enquiries from potential occupiers etc.
- It is recognised, however, that it may be difficult to judge beforehand the type and size of companies that will move into the site. This will be judged at the appraisal stage; in any event the funded business space must be occupied with an eligible end use by September 2019.

If you are not clear whether your proposed activities are eligible, please seek further advice from your BCC Project Officer prior to submitting your application.

Q4.6 Project Milestones - It is essential that these key dates are as realistic as possible to assess deliverability and for monitoring purposes. They will also form part of BCC's Conditions of Grant Aid (COGA). Please add in any additional milestones that are relevant to your project.

Q4.7a Financial Information

Costs - It is important you include all costs associated with the project under the relevant headings. The ERDF Grant can be up to a maximum of 50% of the total eligible costs of the project. ERDF grant to the approved percentage would be paid in arrears based on provision

of evidence of costs and payments, and a check on works by a BCC appointed Quantity Surveyor. Details of these arrangements would be discussed with you and included in BCC's Conditions of Grant Aid.

Procurement Requirements:

For Grant Recipients that are Private Sector, it is a requirement that:-

- For all purchases (services and/or works) of value over £1000 (net of VAT), at least 3 written quotations are sought based on the same written description of the item/s.
- For all purchases of value over £100,000 (net of VAT), at least 3 formal tenders are sought based on the same written description of works.
- Above £4.1m for a works contract, an Official Journal of the European Union (OJEU) must be followed.
- Quotations and tenders should preferably be no more than 3-months old.
- For quotations and tenders, the best value for money quotation should be chosen based on lowest price (or price / quality evaluation if stated in advance).

EXAMPLES OF WORKS ELIGIBLE FOR ASSISTANCE

- Extension of premises and other new building works
- Internal works – structural works and alterations to walls and floors that result in new/upgraded floorspace.

The works below are eligible if associated with the above works

- Demolition of worn out / degraded structures
- Land clearance.
- Business security initiatives (not all will be eligible, and funding is also dependent on the scale of the project – seek advice from us).
- Minor improvements to car parking provision (no more than 10% of total eligible building costs).
- Professional fees incurred post offer letter and in the preparation and execution of works for which grant has been provided – fees are capped at 12% of the total eligible building costs.

EXAMPLES OF WORKS NOT ELIGIBLE FOR ASSISTANCE

- Maintenance works – which are considered as 'uplift'.
- Works of a purely cosmetic nature.
- Projects already started before approval for ERDF grant is given
- Land only – without prospect of eligible build
- Works that don't create appropriate project outputs on their own e.g. toilets/ access works
- Larger car parking areas

DEFINITIONS OF ELIGIBLE COSTS

Site investigation only

Funding applications for purely specialist site investigations required to identify contamination and recommended particular treatments are not eligible for ERDF funding.

Site preparation only

Funding applications for purely demolition works and the general preparation of sites are not eligible for ERDF funding.

Building & Construction

This should include external/internal refurbishment and conversion of existing buildings, new build premises, provision of services, and landscaping.

Professional Fees only fees incurred post-offer letter are eligible for grant assistance.

Fees can include: design, supervision and management but professional fees should not exceed 12% of total eligible costs. Fees include legal consultancy fees, notarial fees, and the cost of technical and financial experts if they are directly linked to the ERDF funded project and are necessary for its preparation or implementation. Costs of professional services, associated with the management and delivery of the project, e.g. legal and accounting services (but not legal and/or accounting costs dealing with litigation), and environmental assessment work could also be included. ERDF procurement conditions apply.

Other Capital

Any eligible capital expenditure not covered by the categories above provided it can be clearly demonstrated that these are directly related to the delivery of the project. Publication and publicity activities or independent evaluation costs could be included here.

4.7 b and c Applicant Contribution (match funding)

You must provide satisfactory evidence that you can meet the Applicant Contribution (match funding) of 60% of the total costs.

All match funding must be spent in accordance with the ERDF eligibility rules.

The 'Project' is the ERDF grant and match funding combined. Therefore, all aspects of the project must be eligible for ERDF and deliver ERDF outputs. ERDF pays for a proportion of all the project's activities.

Contributions in kind are ineligible for assistance under the City Council's Property Investment Programme.

Discounted sales of equipment, the provision of volunteers' time, the discounted provision of services or advice (e.g. solicitors', accountants' or SME staff time), interest on debts and recoverable VAT are **ineligible project costs**.

Q4.8 Other Options – Please provide information regarding other options considered and why they were not selected as the ‘preferred option’.

Q4.9 Please tick as appropriate.

Q4.10 Location of Project – the project (the site/premises where the proposed works will be carried out) must be located within the GBSLEP area.

Q4.11 Tenure of Property – Please provide information regarding the tenure of the property.

If you are the Lessee of the premises where the project is to be carried out there must be a specified number of years left on the lease, minimum 5-years lease is a benchmark. This is to ensure that the ERDF investment will be protected.

If you are the Lessee of the premises where the project is to be carried out then landlord’s approval to the proposed works must be obtained and evidence submitted with your application.

Q4.12 Please supply the most recent valuation for the property. The City Council may also carry out its own valuation based on market rates. This is needed to ensure there is sufficient equity in the property to enable BCC to place a legal charge. This charge is also necessary to protect the ‘durability of use’ for the activity being grant aided and to ensure EU funds have far reaching benefits.

Please Note that a legal charge must be completed by Birmingham City Council where the capital grant sum is £25,000 or more or where the aggregate value of various capital grants given to the same organisation within the last 3 years amounts to or exceeds £25,000. There must be sufficient equity in the property to allow BCC to place a charge.

No building contract should be entered into, and no work should commence, until the BCC Project Officer has confirmed that the Legal Charge where required has been completed. Legal charges will normally be placed in relation to the grant level according to the table below:

Grant level	Duration of legal charge	Length of Lease
£20,000 to £24,999	None	5 years
£25,000 to £50,000	5 years	5 years
£50,001 to £100,000	5 years	5 years
£100,001 and over	5 years	5 years

During the legal charge period you will not be able to sell the property or use it for purposes other than those for which the Grant is given without forfeiting some or the entire grant.

Q4.13 Please provide information (if applicable)

Q4.14 Planning and Other Consents/Approvals Formal approval to your project will not be given until all necessary consents are in place. **Please note that any costs incurred before formal approval is given to the project are ineligible for grant assistance.**

Q4.15 Planning Conditions – please tell us if about any planning conditions relating to your application / project so that we can understand how they may affect the delivery of the project.

For enquiries relating to planning please refer to your local 'Planning Authority' for further information and guidance.

Q4.16 If your project requires planning consent - but you have not yet submitted a planning application, you will need to do so as soon as possible.

Section 5 Proposed Outputs

Q5.1 Outputs - You must achieve at least one of the Floorspace outputs and at least one of the Jobs outputs listed. You will be required to provide satisfactory evidence of their achievement as part of the monitoring process if your application is successful. **Please note that all outputs must be achieved by September 2019.**

Where there are 10 or more vacancies being created as a result of the Grant, you will be required (as set out in BCC's Conditions Of Grant Aid) to work with the Council's Employment and Skills Team to agree an Employment and Skills Charter as part of the Council's procurement policy framework for jobs and skills. As part of this you will be requested to complete a Model Voluntary Agreement. To support the implementation of this Employment and Skills Charter, you will work with the Council's Employment and Skills Team to advertise all future vacancies and recruitment exercises via Jobcentre Plus in addition to any other recruitment channels that may be used, to maximise the potential labour pool and ensure local unemployed people have access to job opportunities available.

Further information on the monitoring process and requirements will be provided if your application is successful.

Output Definitions (edited extracts, full definitions are available)

Output	Definition
New/Upgraded floorspace	<p>Internal floorspace – The entire area inside the external walls of a building including corridors, lifts, plant rooms, service accommodation.</p> <p>New or Upgraded – New buildings constructed as part of the project.</p> <p>Upgraded buildings – Refurbished, improved or adapted for productive use as part of the project.</p> <p>To be counted: On the practical completion of the works and the premises being fully utilised for the agreed end use.</p>
New/Upgraded floorspace with accreditation	<p>To be counted: On receipt of relevant post completion certificate showing the standards achieved – very good or excellent.</p>
Jobs created	<p>Must be a new, permanent, paid, full-time equivalent (FTE) post. Must not have existed before the intervention (they must not relate to a relocation) and should be created as a direct result of the intervention. Jobs created post grant offer letter and still in post following project completion can be counted.</p> <p>Must have a life expectancy of at least 12-months from the point at which it is created.</p>

	<p>Do not include self-employed, sub-contracted or temporary personnel (e.g. from construction work).</p> <p>Full-time job (FTE) = Paid work of 36 hours or more per week. Convert part time jobs to (FTE) either:</p> <ul style="list-style-type: none"> • on a pro rata basis on hours worked; or • Two part-time jobs of 15 hours or more per week = one full-time equivalent (FTE). <p>To be counted: When a new, permanent, FTE or equivalent, paid job is created/attracted and the post is filled and occupied for one year.</p>
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Q5.2 Additional Outputs - It would be helpful if you can contribute to either of these additional outputs. However, this will not influence the approval of your application.

Additional Outputs	These outputs are not mandatory
Jobs safeguarded	<p>Must be a permanent, full time equivalent job (with a life expectancy of one year) which is at risk.</p> <p>Forecast to be lost within one year.</p> <p>To be measured as FTEs as above.</p> <p>To be counted: when it is:</p> <ul style="list-style-type: none"> • forecast as at risk when the project was approved; and • still in existence at the time of counting; and is no longer at risk of being lost within a year.
Brownfield Land reclaimed and/or redeveloped	<p>Area of land in hectares reclaimed or redeveloped.</p> <p>Brownfield Land – Includes contaminated, derelict or previously developed land which is or was occupied by a permanent structure.</p> <p>Reclaimed and Redeveloped – Total number of hectares reclaimed to an acceptable condition and/or redeveloped into effective use.</p> <p>Redeveloped – developing a site and putting up a new building or refurbishing an existing building.</p>
Carbon Dioxide equivalent reduced	<p>Measured in tonnes.</p> <p>New build and refurbishment of buildings that;</p> <ul style="list-style-type: none"> • improves the environmental performance of buildings; • achieves high building standards above minimum Part L regulations; • is verified through BREEAM ratings.

Section 6 Standards

Q6.1 Equalities – Please demonstrate that you have considered the impact your project will have on the business and resident communities in the local area. Ensure that you consider negative impacts as well as positive ones. Where negative impact[s] have been identified we

will require detailed information on how impact[s] will be managed and where possible, demonstrable measures established to mitigate circumstances.

Q6.2 Environmental Sustainability - Show how you have taken into account the environmental impact of your project and any design steps you have taken to minimise the project's negative impact on the environment, including the project being funded and your wider organisation's carbon footprint.

Section 7 Your Development Partners

Please provide details (in applicable) of partners working with you in the development/delivery of the project for which you are applying for grant assistance.

Section 8 State Aid Declaration

All applicants are required to complete this section; failure to complete/sign this section fully will result in your application being delayed. If you are unsure, please seek further clarification from your BCC project officer.

Q8.1 Declaration - Please ensure you have read and signed the declaration statement.

Section 9 APPLICANT DECLARATION & CERTIFICATION

Please ensure you have read and signed the declaration and certification section – unsigned forms will not be accepted. The use of 'electronic signature' is permissible – providing the signatories full name and job title is included.

Appendix 1 Documents Checklist

Please make sure you use the Documents Checklist to ensure that you have provided all the necessary documents and information in support of your application. Failure to provide all information will result in delaying your approval for funding. As this is a 'first come first served' grant programme any delays may jeopardise your chances of receiving grant assistance.

APPRAISAL OF APPLICATIONS

- Applications will be assessed against the programme criteria and output targets of the programme; new jobs created and creation or upgrading of commercial floorspace.
- Applications will be assessed against deliverability criteria – Can the project be completed within agreed timescales? Are there any potential delays?
- A robust financial appraisal of the business and the project will be undertaken based upon the information requested in the Documents Checklist.
- A qualified Birmingham City Council appointed Quantity Surveyor will undertake a Value for Money Appraisal (appraise and validate the project costs in the project), and a recent (up to 12-months) property valuation may be sought to ensure that there is sufficient equity in the property to take the BCC legal charge as needed. This will be discussed with you and / or your legal advisor.
- The appraisal process may take between 8 to 10 weeks following submission of a satisfactory application and all supporting documents. This process may take up to 12-weeks where a Legal Charge is required.

EXECUTION OF WORKS & PAYMENT OF GRANT

- Once formal approval of the grant has been given works may commence on site.
- Only costs incurred after the date of the formal approval (offer letter) can be claimed.
- At an interim payment stage (if agreed) , and/or upon completion of works the grant recipient must provide;
 - Completion certificates
 - Paid invoices for the work
 - Bank statement to evidence payment of invoice/s
- Payment of assistance will be made subject to completion of works as approved and inspected by a qualified Birmingham City Council appointed Quantity Surveyor and/or other officers where appropriate.
- All payments are made retrospectively; applicants must ensure they have sufficient funds to pay for all the works.
- Payments will be made on a pro rata basis i.e. up to 50% of the total project costs incurred at the time of payment.
- Payments may be made in 2 stages:
 - an interim payment (where interim paid invoices and bank statements are provided) this payment will be on a pro rata basis.
 - a final payment when all the building works are complete.
- **Retention.** 10% of the grant will be retained and will only be paid on receipt of satisfactory evidence that all outputs have been achieved.
- **Please Note: Where expenditure incurred is less than that originally approved, payment of assistance will be based on the approved grant percentage applied to actual expenditure.**

GENERAL CONDITIONS OF ASSISTANCE

- Assistance will be given at the discretion of Birmingham City Council, who will decide the level of grant to be offered and the terms and conditions to be imposed.
- It is the responsibility of the grant applicant to obtain all necessary statutory consents including building regulation approval, planning permission, landlord's consent, and fire officer approval prior to approval of assistance.
- The applicant will be responsible for the execution of works and failure to complete within agreed timescales may result in withdrawal of any grant offer.
- The applicant will be obliged to maintain the works once completed.
- Officers of the City Council will have the right to enter (with prior notice) the site of the project at any reasonable time to inspect the works and ensure that works are being carried out to a standard that is satisfactory and in accordance with the original specification.
- The applicant will comply with all relevant publicity requirements as set out in the funding agreement.
- Repayment of the grant can apply where the conditions of assistance have been breached; where the property is not used for the purpose originally grant aided; or the property is sold within a set time scale at a price in excess of an agreed valuation, subject to review in individual circumstances.
- Value Added Tax (VAT) is not payable under this programme unless it is irrecoverable and can be evidenced as such.
- The City Council reserves the right to use the name of the grant recipient company and details for publicity purposes.

All applicants accepting financial assistance must first agree to BCC's ERDF Conditions of Grant Aid and any project specific conditions BCC may set.