

Digital Connectivity Grant Programme

APPLICATION GUIDANCE NOTES 2015-16

Growth Deal Funding



Digital Connectivity Grant Programme

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The Coast to Capital Digital Connectivity Grant Programme is funded from the Coast to Capital Local Growth Fund allocation. West Sussex County Council is the Delivery Body. The Programme has been developed in co-operation with the West Sussex Economic Partnerships and South Downs National Park Authority.

The aim of this first Digital Connectivity (pilot) programme is to support the provision of superfast (>30Mbps) connectivity to business/commercial areas that have either been omitted from the main commercial provider roll-out (normally by BT Openreach or Virgin) or will not be covered by the West Sussex “Better Connected” superfast roll-out programme.

Digital Connectivity Grant funding will be available to eligible business/commercial areas within the County of West Sussex.

The Programme will provide between **£10,000** and **£25,000** grant funding towards projects that will enable business/commercial areas have access to superfast (>30Mbps).

A Digital Connectivity grant is provided as **part funding** towards a project and therefore has to be match funded. The grant is for **capital funding only** but can be match funded with revenue funding. The **maximum grant that can be requested is 40%** of the total cost of the project, although it can be less.

The programme will fund eligible capital expenditure [capital expenditure shall be as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA)]. Match funding can be either capital or revenue but must be clearly tied to the same project.

Revenue expenditure on product and service development, skills and training and other items can be included within the total cost of the project (and counted towards match funding towards overall project costs) but is **not** eligible for grant funding under this programme. Salaries for existing staff are not to be included in the overall cost and are not eligible either as match funding or for grant.

The deadline for applications is **Friday 15 January 2016 at 17.00**, all eligible applications will be assessed following this date.

ELIGIBILITY CRITERIA

This programme is to superfast enable business/commercial areas; it is **not** available for residential properties but could support home-based businesses. The programme is open to legally constituted organisations such as:

- Consortia of commercial occupiers based within a business/commercial area
- Managing Agent of a business/commercial area
- Landlord/Freehold owner of a business/commercial area
- A service provider on behalf of a business/commercial area

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Digital Connectivity Grant funding will be available to eligible business/commercial areas within West Sussex.

Applicants must demonstrate:

- **The business/commercial area does not already have superfast connectivity (>24Mbps)**
- **The businesses within the business cluster/site/park will take-up the service when it is made available**
- **The business area is not included within the existing WSCC 'Better Connected' roll-out**
- **The proposed solution will provide a minimum 30Mbps for superfast**

NB: You will need to demonstrate that the proposed business/commercial area does not already have access to superfast broadband and that it is **not** included in the planned WSCC/BDUK rollout.

You must email broadband@westsussex.gov.uk to confirm the connection status for all properties covered by the project application. They will normally respond within 5 working days.

You will need their email response as evidence to support your grant application.

The proposal must be clear in demonstrating how becoming superfast enabled will help the businesses within the business/commercial area become more competitive and safeguard and/or create jobs in the Coast to Capital Region.

The proposal will include the requirement to demonstrate the estimated cost per employee within the business/commercial area. For business/commercial areas without fixed business occupiers additional guidance should be sought via email to broadband@southdowns.gov.uk

The proposal must be clear in demonstrating the proposed technical solution to superfast enabling the business/commercial area. It should show the rationale behind the choice of solution and that the solution proposed will have an operational lifespan of a minimum of 5 years and will be upgradeable as technology develops.

The proposal must also clearly state the estimated connection and monthly service provision costs to the businesses within the business/commercial area for different subscriber profiles from budget low-users through to premium high-demand users.

The proposal should demonstrate that there will be a high degree of take-up of a superfast service within the business/commercial area within one calendar year of becoming superfast enabled (to allow any existing 12 month contractual obligations to pass).

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Applicants should also demonstrate that they have addressed the issue of deadweight i.e. that the project would not have happened at all or will now be able to happen on a larger scale, more quickly or in a different form as a result of grant funding being made available.

Applicants will be required to provide **at least 60%** of the total proposal costs as match funding. Match funding could be in the form of expenditure on other items or be identified as being provided from retained profits, loans, equity finance or investment funds. In addition, applicants will be required to demonstrate that they have fully explored other sources of funding.

Applicants should explain what other steps have been taken to secure the funding and whether successful or not. We would normally expect all applicants to have approached their existing business bank to discuss the availability of finance. If you have been declined for bank finance because you do not want to offer personal security, we would expect to know the reasons why you are not willing to offer this.

Applicants must be able to incur and evidence the grant in full by 31st December 2016.

Applicants must satisfy the State Aid requirements, as set out in Section G (State Aid) of the Application Form. Successful businesses will be required to enter a grant acceptance agreement with West Sussex County Council in order to be paid the grant. The grant will be paid in arrears.

Payments

It is important that you understand that the Digital Connectivity Grant will be paid in arrears. The Programme team will require proof of expenditure. Failure to provide all necessary information may result in a delay or refusal to pay grant by West Sussex County Council. If your application is successful, you can only start the project, and incur expenditure, once you have signed and returned a copy of the funding agreement.

For the purpose of the Digital Connectivity Grant Programme the quarters will run:

- Q1: Jan 2016 - Mar 2016
- Q2: April 2016 – June 2016
- Q3: July 2016 - Sept 2016
- Q4: Oct 2016 - Dec 2016

Claims submitted on or before the last day of the quarter will be paid (provided they are approved by West Sussex County Council) at the mid point of the following quarter e.g. a claim submitted on or before 30 June 2016 will be paid (by WSCC) on or around the 15th of August 2016 if it is satisfactory.

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GUIDANCE ON THE APPLICATION PROCESS

This guidance note provides basic information that will help you complete the form. Applicants are strongly advised to follow the guidance, as failure to provide information requested may mean that the Programme Management Team will have to either reject the Application or defer it for resubmission.

This form has been designed to capture the minimum information we will need to make the funding decision. **Every question must be answered, if not applicable please enter n/a.**

Set out below are guidance notes relating to those parts of the application form that are not self-explanatory. Where a word limit is stated, please do not exceed this.

Section A: Applicant Details

A1: Project name

The working name for your project e.g. "Peartree Estate Broadband Project"

A2-A7: Organisation details

The details of the organisation applying for the grant, this could be a lead business within the business/commercial area, the managing agent, landlord or service provider. i.e. it is the organisation legally responsible for delivering the project.

A8: Are you owned by another business or part of a wider group of businesses?

If the business is part of a bigger company please also give the details of the parent company including the address and website.

Please note that grants are only available to small and medium enterprises and if the business is part of a group, the group as a whole must still be within the EU definition of a small and medium enterprise. (See http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm for further guidance)

A9-A14: Contact details

Please ensure that your email address is correct as this will be our main point of contact with you.

A15: Brief Description of what your organisation does

Please give brief details about you, the applicant organisation.

A16, A17: Organisation Status

Please fill out as directed

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A18: Type of organisation

The legal status of the business: limited company, sole trader, partnership, limited liability partnership or other.

A19, A20: Turnover

Please tell us your business turnover for each financial year over the last three years (if they are available) or the turnover for any financial year that figures are available. Please tell us the turnover projection for the current financial year and, if possible, whether the business is on target. (These are required to help verify your financial capacity to deliver the project).

A21: Your status within the project

The status in which you are applying for grant funding

Section B: About the business/commercial area

B1: Business/Commercial area address

Please give the full postal address including postcode of the business/commercial area

B2: Current Broadband Provision

Please give current average download and upload speeds achievable in the business/commercial area. A free speed check is available here: <http://speedtest.btwholesale.com>

B3: Confirmation of need for superfast broadband

Strict State Aid rules mean that we can only gap-fund superfast broadband provision where there is a proven market failure. Therefore we require proof that your location is not superfast enabled. Please confirm this by emailing West Sussex Better Connected broadband@westsussex.gov.uk to confirm the connection status of all properties covered by the application. They will normally respond within five working days. You will need their email response as evidence to support your grant application.

B4: Businesses and Employees within location

Please state total number of businesses and estimated total number of employees at the location

B5: Occupiers and estimated employee numbers

Please list all of the occupiers sited on the business/commercial area, their primary business and estimated number of Full Time Equivalent (FTE, +30hour per week) employees. If they employ part-time employees please add the hours of each to get Full Time Equivalents, rounding to the nearest full FTE. e.g. 2 x PT at 20 hours and 1 x PT at 10 hours = 50 hours, equates to 2 FTE's.

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B6: Landlord & Agent support

If you are not the business/commercial area's landlord or agent please can you state that you have their support/permission for this project. You must provide evidence of this.

Section C: Technical Information

C1: Nearest Fibre Connection

Your service provider should be able to provide you with this information, if not please contact broadband@westsussex.gov.uk who should be able to advise you of your nearest cabinet.

C2-C8: These sections are self-explanatory.

C9-C10: The costs to businesses should be broadly comparable with current market costs i.e. they should not be subsidised by the project.

C11: Clearly set out what it is that the Digital Connectivity Grant funding will pay for.

Please give us details of what equipment and materials the grant will be funding.

C12: Rationale for solution

Please give us details about the rationale for the proposed solution in terms of value for money and the most effective technical solution.

Section D: Your Funding Proposal

D1: Total costs of your project

Set out the total costs of the whole project **exclusive of VAT**. **Note that the programme will not pay grants in respect of recoverable input VAT so, unless you are not able to recover input VAT, you must only set out the costs exclusive of VAT.** Where you are able to recover VAT please provide your VAT registration number. Where you are unable to recover VAT please provide a signed statement from your Chief Finance Officer or equivalent confirming that this is the case and why, as well as accepting liability to repay grant if this is subsequently challenged and found not to be the case.

D2: Amount of money requested from the Digital Connectivity Grant

Clearly set out the amount of money requested from this grant programme. The applicant must provide at least 60% of the total project cost from other sources.

The programme will only fund up to 40% of the total eligible project costs and you must also note that only **capital** expenditure is eligible for grant funding. Simply, this will involve the acquisition, enhancement or creation of capital assets which have a useful life of at least 12 months.

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Some types of capital expenditure are more complex and will be determined by reference to the CIPFA Code of Accounting Practice to determine eligibility as capital expenditure.

D3: Project costs

Set out the individual costs of the project over time. Clearly separating out what the Digital Connectivity Grant funding will fund (capital only) and what the match funding will fund. Please ensure you include how much will be spent on each item in each quarter. For each of the costs of the project, please also explain how these have been calculated (e.g. from quotes).

Please break down the total cost so that one column includes VAT and one excludes VAT. Businesses that can recover VAT will be paid the Net amount; businesses that cannot recover VAT will be paid the Gross amount.

An example is set out below:

Cost	Jan-March 16 (£)	April – June 16 (£)	July-Sept 16 (£)	Oct – Dec 16 (£)	Total (£)		How has the cost been calculated
					Gross (inc VAT)	Net (exc VAT)	
Digital Connectivity Grant							
Purchase of new equipment (part payment for equipment)		5,000	5,000		10,000	8,333	Quote A
Fixture and fittings				3,000	3,000	2,500	Quote B
Total Grant costs (£)	0	5,000	5,000	3,000	13,000	10,833	
Match Funding							
Purchase of new equipment (part payment for equipment)			35,000		35,000	29,167	Quote A
Preparatory design & specification works	2,000				2,000	1,667	Quote C
Staff training			500		500	417	Quote D
Total match funding costs (£)	2,000	0	35,500	0	37,500	31,250	
Total project costs (£)	2,000	5,000	40,500	3,000	50,500	42,083	

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PLEASE NOTE THAT ALL COSTS MUST BE INCURRED BY 31st December 2016

You will be asked to provide evidence of expenditure and receipt of goods.

Procurement

The Digital Connectivity Grants are being provided from central government funds and, as with all public funding, there is a duty to ensure it is spent appropriately. Part of that means ensuring best value, so please follow the requirements below.

Total value of individual goods / services purchased (ex VAT)	Action Required
Up to £1,000	No quotation required
£1,001 - £10,000	One quotation, but it is good practice to seek the most favorable price and keep a record of all quotations
£10,001 - £35,000	Minimum of three written quotes based on a written specification of requirements
£35,001 – and above	Invitation to Tender to at least 4 viable candidates (or through an open, advertised process) generating at least 3 tenders

Please include copies of quotes with your Application.

D4: Other sources of funding

The status of the match funding would be verified as part of the appraisal of the application. The match funds should to be in place by the time the grant agreement is signed, or at the least, a conditional agreement in place being subject to receipt of the grant funding. (e.g the grant funding could 'unlock/release' the match funding).

Businesses that have received investment from the Seed Enterprise Investment Scheme (SEIS) and are planning on using this towards their match funding should read the following guidance and contact the team to discuss eligibility. <http://www.hmrc.gov.uk/manuals/vcmmanual/vcm34130.htm>

D5: Tell us why you need Digital Connectivity Grant funding.

Applicants will need to explain what other steps they have taken to secure the funding and the reasons why they have not been successful. We expect all applicants to have approached their existing business bank to discuss the availability of finance. If the applicant has been declined for bank finance because they were not willing to offer personal security, we would expect to know the reasons why.

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Applicants should, therefore, be able to demonstrate that they have explored fully other sources of funding.

The level of co-investment will be an important consideration when calculating value for money for any project proposal..

Please note that you may not incur expenditure on the project until you have returned the signed funding agreement back to West Sussex County Council. Any incurred expenditure before a signed funding agreement will be ineligible for grant funding .

Section E: Project Plan

E1: Set out the key project milestones relating specifically to this project

Milestones (significant steps towards achieving your plan) will become an important tool for the Digital Connectivity Grant team if you are successful, giving the team an overview of how and when your project will be delivered. You should complete the milestone tables, inserting the key dates, for example:

Example Milestone (insert additional rows as required)	Example Date (achieved by)
Project start – Grant awarded	1 March 16
Cabinet and software ordered	18 March 16
Training plan finalised	2 April 16
Equipment installed	30 May 16
Connection enabled	14 June 16
Training commences	02 July 16
Training completed	12 August 16
Project complete - fully operational	30 August 16

Projects that are time-critical should email the Programme Team who should be able to advise you on the specific timing issue via broadband@southdowns.gov.uk

E2: Risks

What are the main risks to your project and how do you propose to mitigate them? This question is asking you to only think about **direct risks** to your project: things that might happen in your company or outside of it that would threaten the successful delivery of the project *and* its ability to generate the benefits in the future you believe it will do.

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If your project requires the granting of permissions, consents or licenses (e.g., planning permission) from third parties or additional investment that is not secured at the point of submitting your bid, failure to secure these / revocation of these should be identified as a risk.

For each risk you identify (and there are risks to *every* project), you should state:

- What the **LIKELIHOOD** is: **H** (High likelihood it will happen), **M** (Medium likelihood it will happen), **L** (Low likelihood it will happen). Note that just because a risk is very likely to become a reality, it does not mean that a project is doomed: it just means there is a need to ensure the means of mitigation are effective.
- What the **IMPACT** is: **H** (High impact – would very seriously affect the project), **M** (Medium impact), **L** (Low impact – limited effect on the project). As above, a risk may be severe, but if the mitigation mechanisms are effective, then the risk is managed.
- What the **MITIGATION** measures are – the means by which identified risks are being minimised. An example is given in the table.

Section F: Outputs & Outcomes

F1: Number of Businesses within project area

The number of businesses within the project area that will, as a direct result, now have access to superfast broadband.

F2: Jobs created and safeguarded as a result of the proposal and the cost per job

Key project selection criteria are the number of jobs created and/or safeguarded as well as the grant cost per job employed on the site i.e. the total grant requested divided by the number of employees within the project location. Please do not include within this calculation off-site employees, but if a business located within the project area directly employs a significant number of off-site workers whose employment is directly attributable to the employer's site location please reference them in box F5 as additional supporting information.

F3: Cost per business

A key project judging criterion will be the grant cost per business based on the site i.e. the total grant requested divided by the number of businesses within the project location.

F4: Please explain the benefits to the businesses of becoming superfast enabled.

Please provide some narrative to support your application under the headings provided.

F5: Additional Information

If you have additional information you would like to add to support your grant application.

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Section G: State Aid

The Digital Connectivity Grant programme operates within the EU State Aid regulations which exist to prevent unfair competition within the EU.

This grant programme is being run as a *de minimis* aid scheme (the aid regulation governing the discretionary use of public funds to businesses where the level of funding granted is deemed to be sufficiently small as to not have the potential to create competition distortions within the European market). The total *de minimis* aid granted to any one undertaking as defined in the *de minimis* regulations (EC Regulation 1407/2013) must not exceed €200,000 over any rolling 3 year period. The total *de minimis* aid granted to any one undertaking active in the road transport sector must not exceed €100,000 over any rolling 3 year period. The rolling 3 year period is determined with reference to the fiscal years used by the beneficiary in the preparation of their financial statements. If you have received more than the *de minimis* aid levels stated above you must contact us for further information.

Businesses that have received investment from the Seed Enterprise Investment Scheme (SEIS) should read the following guidance and contact the team to discuss eligibility:

<http://www.hmrc.gov.uk/manuals/vcmmanual/vcm34130.htm>

If there is any doubt as to the eligibility of any aspect of the proposed expenditure, the applicant should contact us immediately. We will be the final decision maker as to the eligibility or otherwise of the proposed expenditure.

Further guidance on state aid is available at <https://www.gov.uk/state-aid>.

You must sign off to confirm that your organisation has not received more than €200,000 in *de minimis* public funding in total over the previous three financial years and that the amount requested from West Sussex County Council is not going to result in the organisation receiving more than €200,000 over the last three financial years. Please note that Coast to Capital and West Sussex County Council will be relying on the information and confirmation provided by your organisation in issuing the grants and the risk of providing incomplete or inaccurate information lies with your organisation.

Section H: Applicant Sign-off

To sign off the Application, you must provide details of a senior Director within the company (e.g., Managing Director or Finance Director). It is this person who is therefore taking responsibility for the details and information provided within the form.

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Note that in doing so, you are certifying that the applicant business is a Small or Medium Enterprise, this is a technical definition of a business that has a headcount of fewer than 250 FTE employees, a turnover in the last full financial year of €50M or less and a balance sheet in the last full financial year of €43M or less. See:

http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm

If you think your turnover or balance sheet are likely to be close to the thresholds above, you should check against the applicable exchange rates at:

http://ec.europa.eu/unitedkingdom/work_with_eu/rates/index_en.htm

Note that, where the applicant business is owned by another business (e.g., is part of a group), it is the ultimate parent business that must be a SME, in order for the bid to be eligible.

Section I: Submission

Applications for funding will close on Friday 15 January 2016 at 17.00, all eligible applications will be assessed following this date.

- Your Application form must be submitted electronically to broadband@southdowns.gov.uk
- Either submit the signature page as part of the Application Form in MS WORD format with an electronic signature clearly visible, or print the signature page, sign, scan, save as PDF, and email the PDF file along with your completed Application Form.
- Please attach any supporting documents such as printouts from speed checkers or supporting email from Better Connected Sussex as MS Word, PDF or JPEG format files.
- Include any permissions, consents, wayleaves or quotations that are required for the project.
- Please insert your Organisation Name in the file name when you save the form.
- Please include Digital Connectivity Grant Application 2015-2016 and the applicant organisation's name in the email subject box.
- Please ensure that the contact details provided are correct, particularly your email as this will be our main point of contact with you.

We will acknowledge your Application within one working day. ***Acceptance of this Application does not guarantee or confirm a Digital Connectivity Grant will be offered.***

Please note that you may not incur expenditure on the project until you have returned the signed funding agreement back to West Sussex County Council. Any incurred expenditure before a signed funding agreement will be ineligible for grant funding .

The Application received will be subject to an eligibility check by the Programme Management Team. Those considered eligible will progress to an appraisal panel. The panel will be scoring against **impact**, **deliverability**, **value for money** and **financial standing**.

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Please note the decision of the appraisal panel is final.

The appraisal is based on the Treasury's Green Book principles, however the following elements of additionality are also taken into account during the appraisal process:

Deadweight measures the proportion of the final outcome of a project which would have occurred without government intervention. In some cases this is quite large, and is often the most important of the assumptions due to its size.

Displacement is the extent to which intervention in one area reduces economic activity in another. Appraisal and evaluation is only concerned with displacement from other areas of a target region.

Leakage is identified as benefits which accrue to areas outside the target area of the intervention.

Substitution exists where there is a shift in economic activity to a similar alternative in order to take advantage of public sector intervention. This may result in losses arising from the change in behaviour of firms and individuals.

Please note West Sussex County Council is unable to provide you with any legal advice related to these documents or your application.

Coast to Capital and West Sussex County Council reserve the right to amend the eligibility criteria and terms and conditions of the Grant at any time.