

eligibility

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Grants could provide your business with the final piece in the financial jigsaw of your plans. This fact sheet provides a general overview of some of the characteristics of grant finance for SMEs and a few general matters to be aware of pre and post securing a grant award.

Who and what can grant finance support?

As specific grant schemes have specific eligibility criteria (and desired outputs) attached to them establishing what grant funding, if any, your business proposition is eligible for is without doubt the most confusing and frustrating aspect for the Owner/ Manager – we can help and will make initial enquires FOC.

Generally grants for SMEs are geared towards eligible businesses investing in capital items (e.g., plant and machinery) and/or employment. The business size and location tends to determine the percentage (i.e. the intervention rate) of these costs for which a grant could potentially be applied for.

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What makes a successful grant application?

In our experience successful grant applications have 5 common components:

- A strong business case;
- A match of projected outputs (e.g., jobs created) and those desired by the grant awarding body;
- A submission that addresses any issues raised by the grant awarding body;
- A clearly demonstrated need for grant finance;
- Properly completed application forms, including, where required, business plan and financial projections.

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The businesses need for grant finance has to be clearly conveyed to the funding body. This may be a pure 'cash gap' in the financing arrangements or in some cases a requirement for grant funding to reduce financial risk and/or increase the Return on Investment to a level which the directors are willing to accept in a project appraisal.

Avoiding procedural pitfalls

A grant application is in some ways a very process driven exercise – some general pitfalls to be aware of:

- If your proposed development requires any planning permission to be obtained then preferably make sure this is obtained before final application is made for the grant funding (this is because a grant awarding body may not wish to commit funds, for what may be a finite pot, to a project that may not happen i.e., if planning permission is not obtained);
- Make sure that you have lined up as many other elements of the finance package before submission of final application – even if they are conditional on a grant award;
- Do not commit to expenditure etc on the project you are looking for grant funding for until you have a grant offer letter – the grant funder may argue their funding was not needed;
- Be aware that in most cases the grant payment will only be made on the defrayal (i.e. payment) of expenditure on the specified capital items and/or employment of the requisite personnel i.e., you will need some kind of 'bridging finance' in place. For some (larger) grant awards the final payment is likely to be delayed until maybe 2 or 3 years post project commencement (and be conditional on the project delivering the required outputs).

Why bother to even consider grant funding?

If the above has been a little 'off putting' it has only been to 'flag up' the fact that receiving an award of grant funding is not as straightforward as asking someone for money and them saying 'yes'. You should be prepared to invest and commit time and resource to a grant application.

That said we would contend that anyone looking to raise finance for significant investment should consider grant funding as part of the package as 'good commercial practice' to mitigate risk by utilising, where available, funds that are non-repayable and interest free.

be prepared

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Potential grants and other support available

The specific sources of grant finance available and the criteria they are looking to support are extremely fluid. We do our best to periodically summarise the current position in a 'Finance in Cornwall' flyer which is available on request.

It is also important to be aware that sometimes there is funding available to assist in the preparation of business plans and projections, again we aim to keep abreast of what assistance is available.

An approach?

Our experience in working with Owner/Managers in finance raising has led us to developing an efficient approach in assisting with all aspects from identification to application. For further information please do not hesitate to contact us.

If you would like to discuss any issues raised in this guidance note, please contact:

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