

Getting Access to Government Funding

- The what's, whys and how's of getting access to grant aid for manufacturing businesses.



Sourcing Finance



Topics to cover

1. What is a grant
2. Why we have them
3. What types are available and who gives them
4. An example of a grant scheme specifically aimed at manufacturers investing in capital for growth
5. Where do you find out about them



What is a Grant?....

The best place to start is to say what Grants are NOT....

1. Subsidies for ailing industry or business
2. Just an available discount on buying something
3. A given right to anyone who pays taxes and wants something back
4. For projects that can and will go ahead without government assistance

They are however....

1. **Economic Tools** by governments to stimulate economic activity to deliver economic goals that would either not go ahead without government intervention or intervention would make them happen quicker. This usually reflects market failure from the private sector to fund the whole project.



Why do we have them?

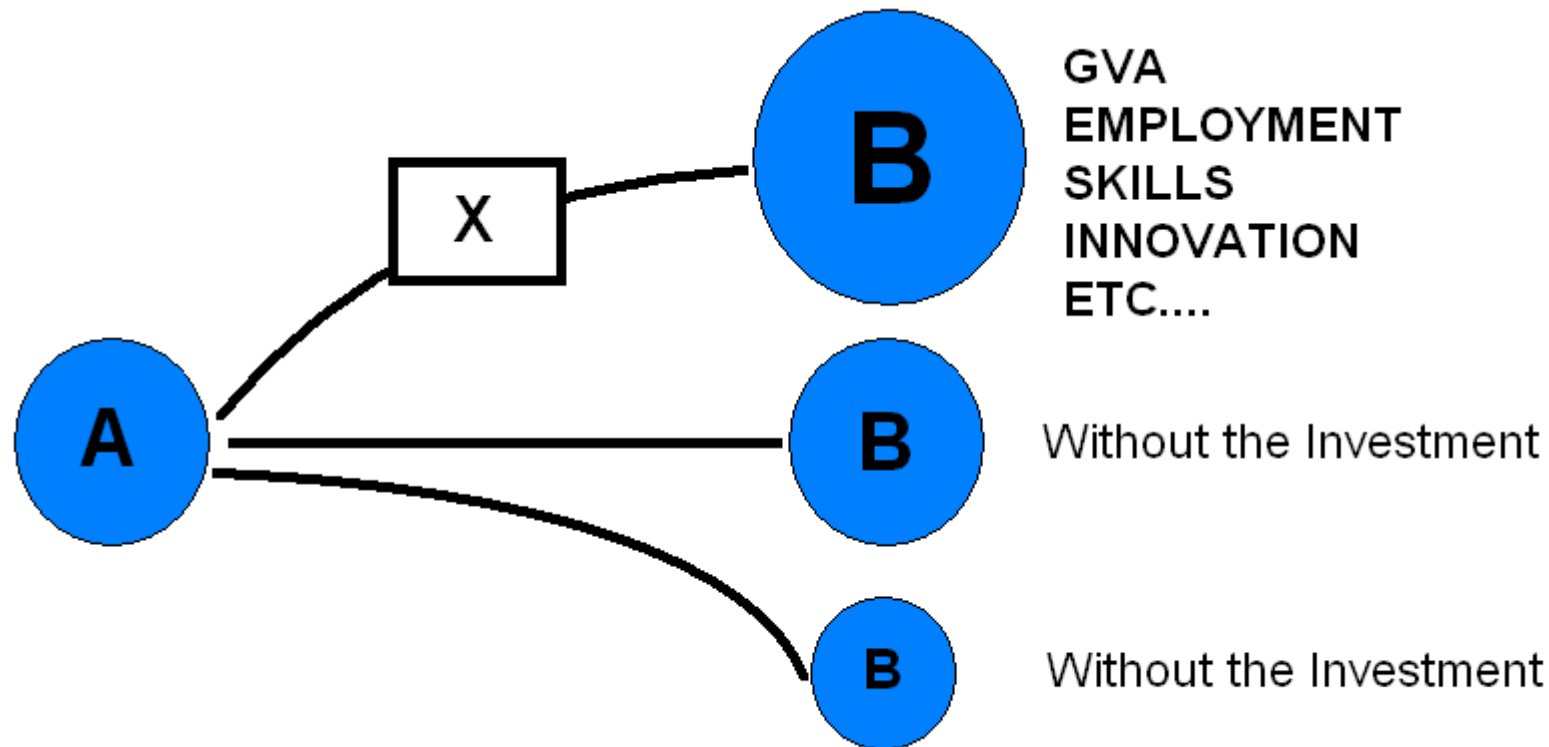
Economic Tools to...

- Increase **Gross Value Added/Gross Domestic Product**
 - Increase **Employment**
 - Increase **Job Skills**
 - Reduced **Carbon Footprint** (New political goal)
 - Increase **Knowledge/Innovation** (leading to increase trade, GVA, profit and economic returns)
- “A grant is given to assist with key priorities by the grant funder and these priorities usually fall inline with the objectives of a government” – Key Economic Priorities reflect regional ones

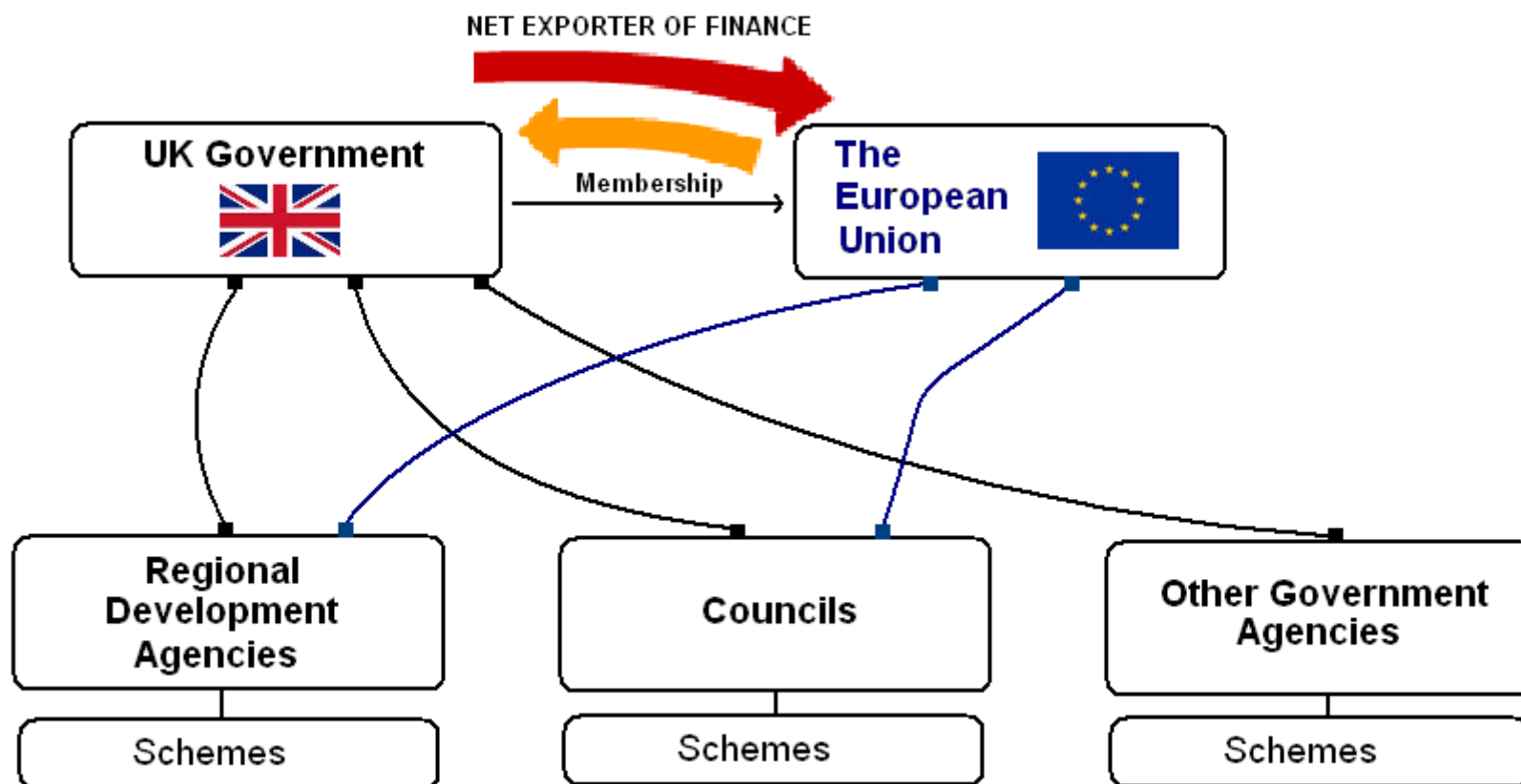


Why do we have them?

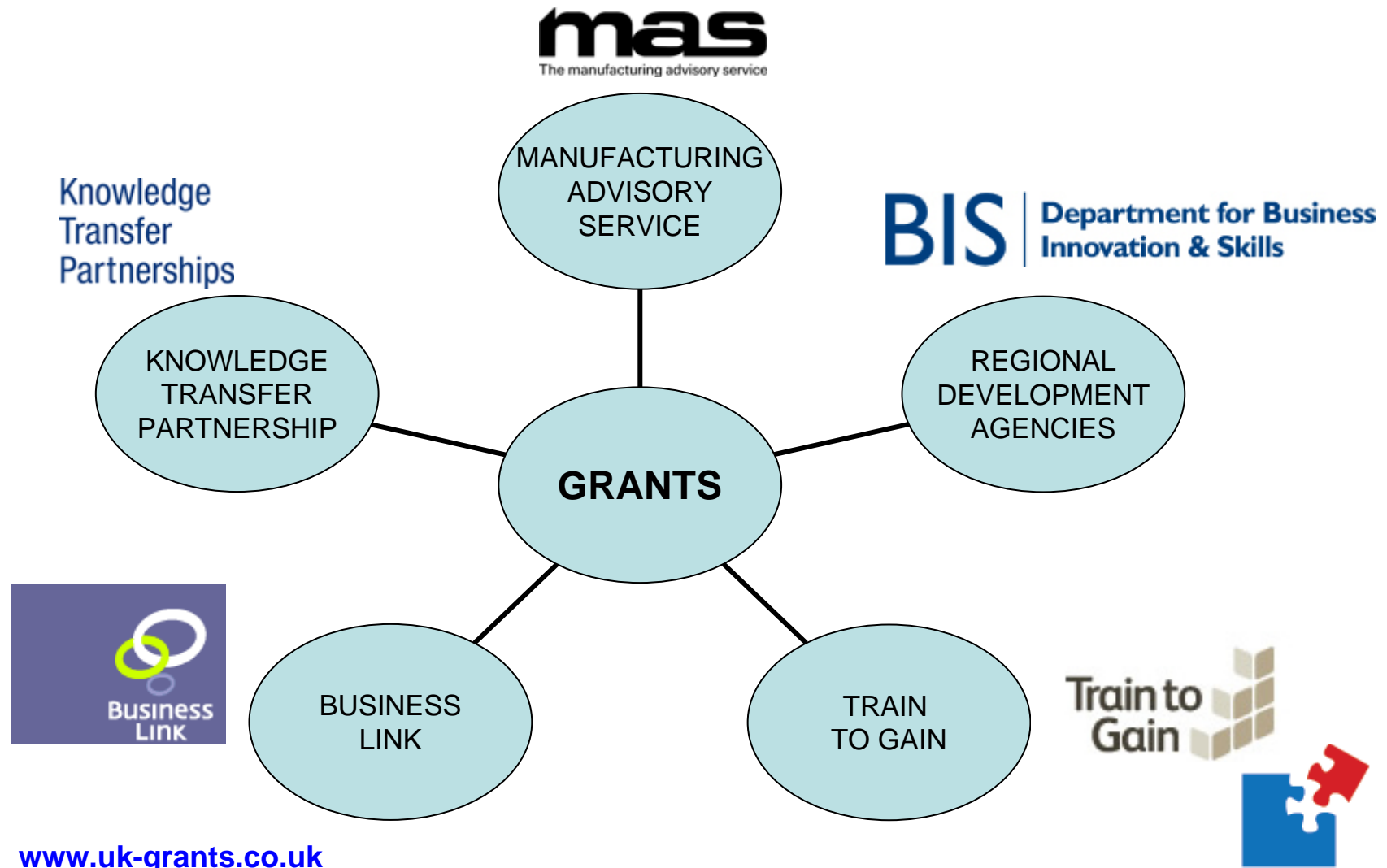
- To get a business from **A** to **B** in its goals where the MARKET is currently underperforming to make this happen. Be it GVA, Employment, Skills, Innovation, Knowledge etc..



Who gives them....



What types are available..





- **Train to Gain** – Assistance to up skill your workforce, funding is discretionary and you are advised to go through an eligibility check for funding with a business link advisor.
- **Business Link** – Innovation Vouchers are available up to 100% at £3,000 in most regions. Some regions this is 70% @ £7,000. These vouchers are there to link business with knowledge providers from the public or private sector
- **Knowledge Transfer Partnership** – transferring the knowledge the company is seeking into the business via a strategic partnership with an Academic Institution. Usually a masters student being placed in the business.



- **Manufacturing Advisory Service** – Assistance varies between regions, as MAS is rolled out regionally. Free diagnostic usually available, the aim of MAS is to make manufacturers more lean, assist with reducing costs, increasing profits and competitiveness.
- **BIS/Regional Development Agencies** – There are 9 RDAs and each run a minimum of 2 core schemes, with some additional ones to support regional economic objectives.
 - **RDA Grant Examples**
 - » **Grant for Business Investment**
 - » **Grant for Research and Development**
 - » Grant for Resource Efficiency



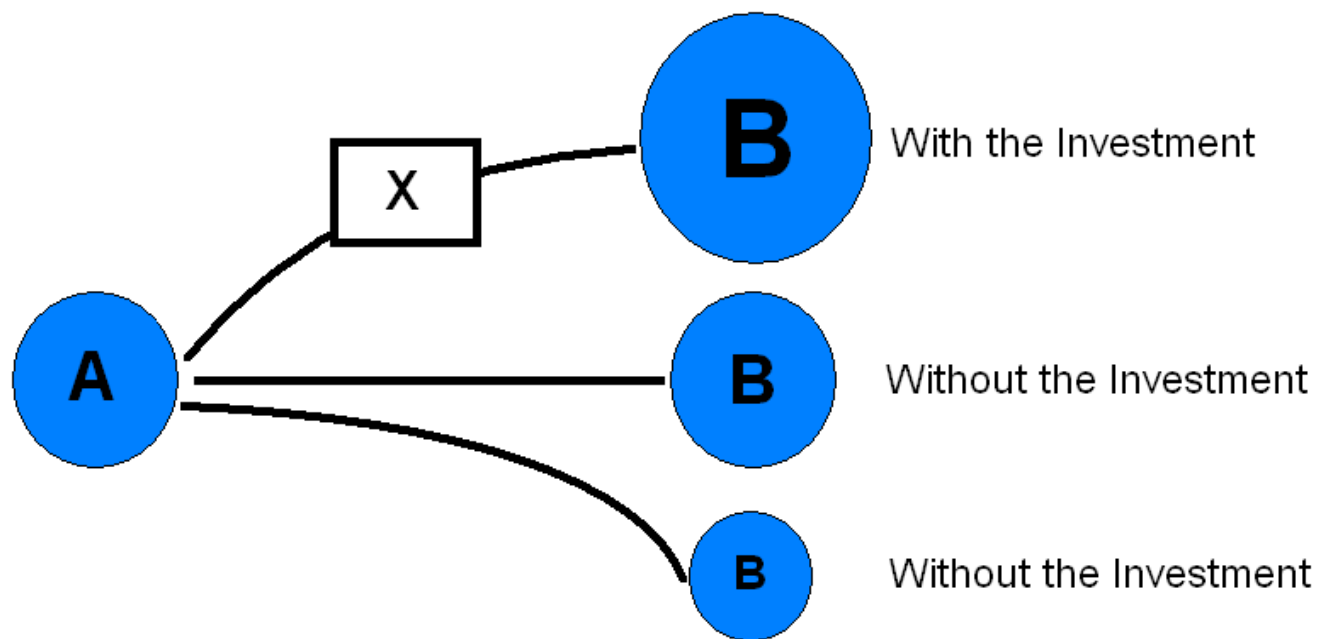
- **GBI** primarily provides financial help for the manufacturing base for capital investment projects which will increase productivity + skills + employment in the regions. All 3 are a scheme priority and requirement.
- **GBI can be used to.....**
- **Launch** a new business - premises and equipment
- **Modernise**, expand or reorganise your existing business
- **Upgrade** your business by introducing innovative new technology or processes
- It **MUST** involve capital spend on productive assets, not just a building.



- The scheme has been put in place to provide finance of '**last resort**' for companies who can prove they have a good '**growth**' project planned for the business that will benefit the regional economy but at the same time have insufficient internal and private funds on offer to fully fund it.



- To support companies who want to get from **A** to **B** by investing in **[X]** but who cannot afford all of **[X]** and investing in **[X]** has risk attached.



A GBI example

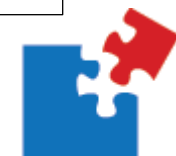
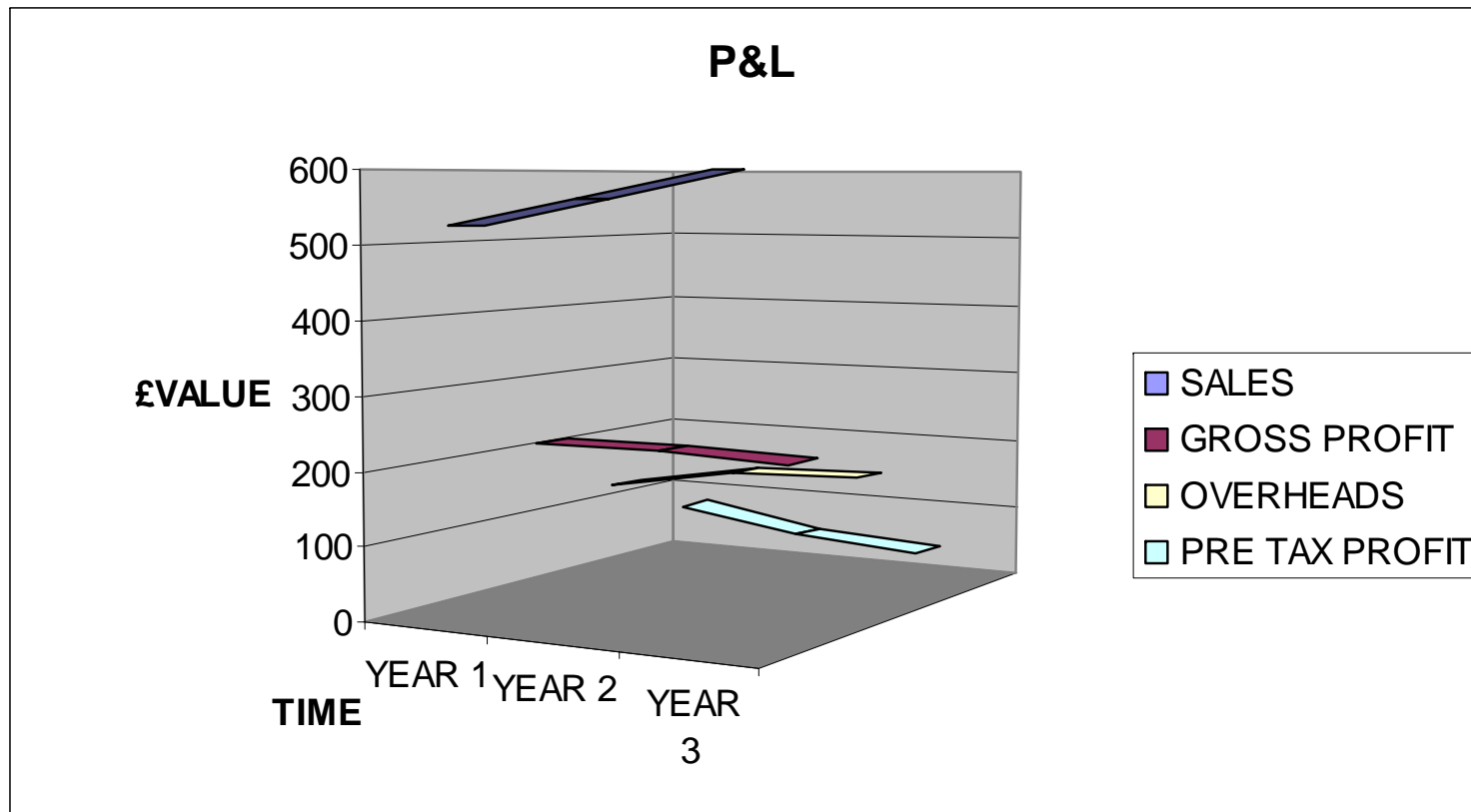
Project Spend

		70% M + 80% HP	Cash
New Building	£215K	£150K	£65K
Machinery	£150K	£120K	£30K
Totals	£315K	£270K	£95K

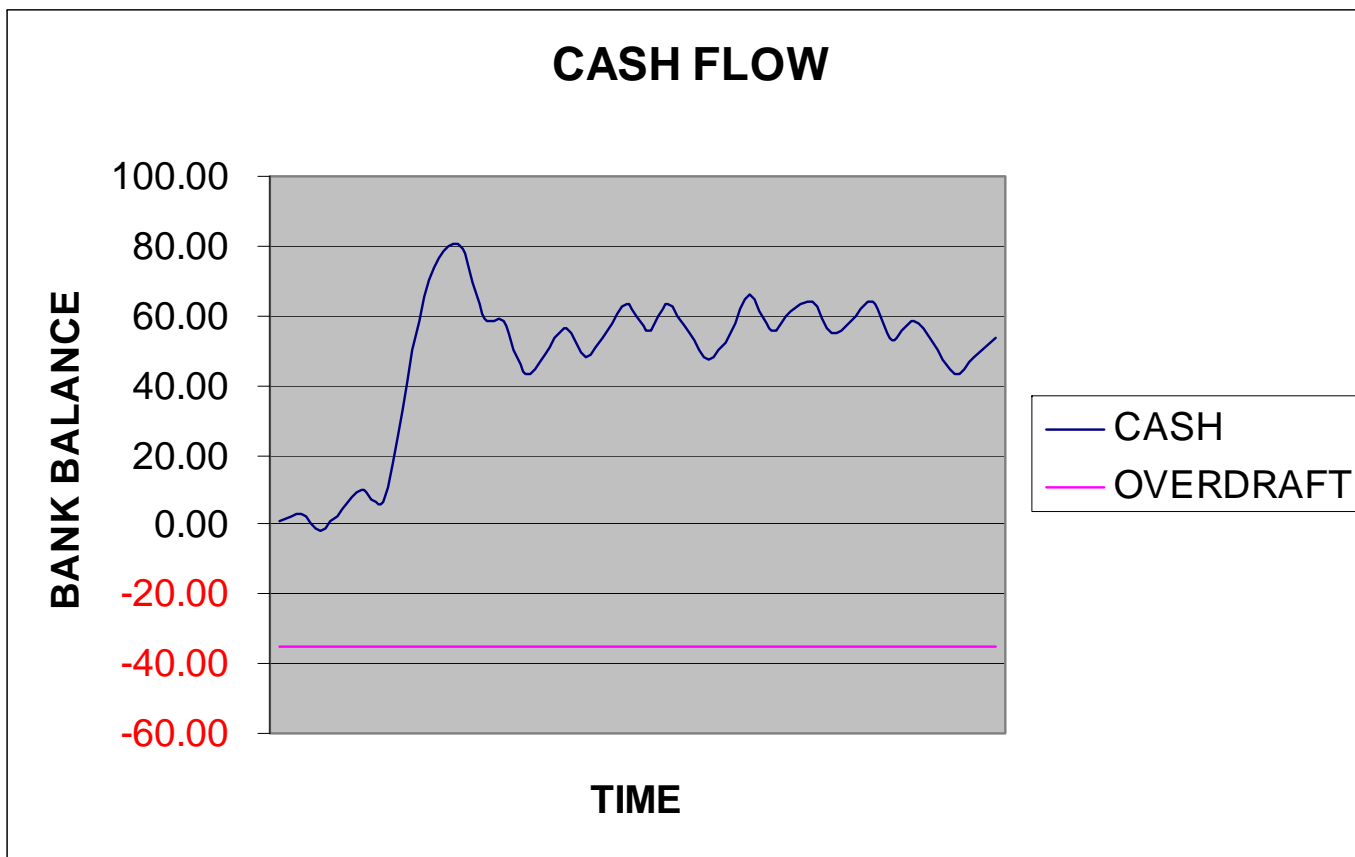
- This company has **£20K** in cash reserves and an unused overdraft facility of **£35K**. This gives the company **£55K** to spend on the project, however this would wipe out working capital. Therefore this project is not affordable without increasing the working capital facility.



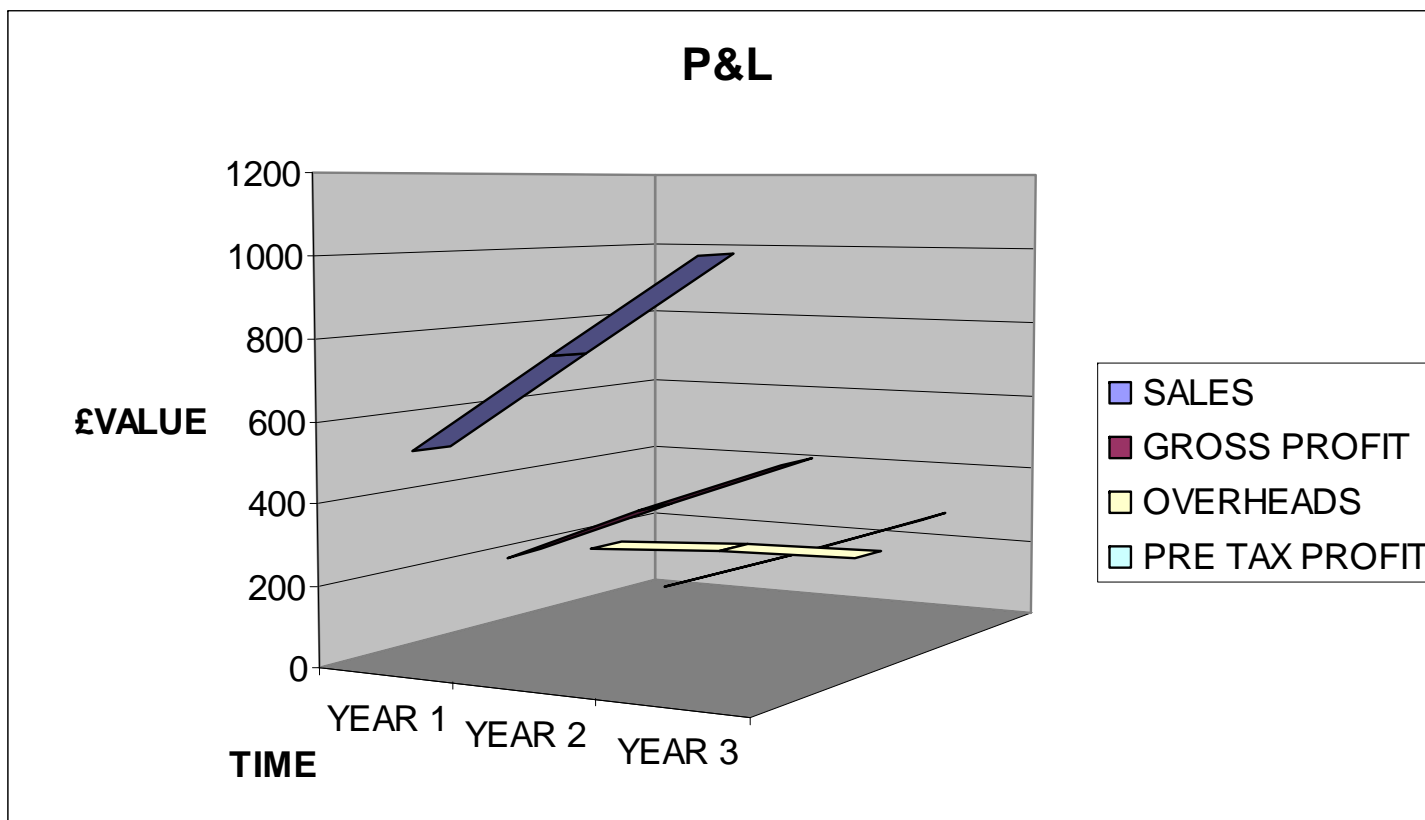
Without the project



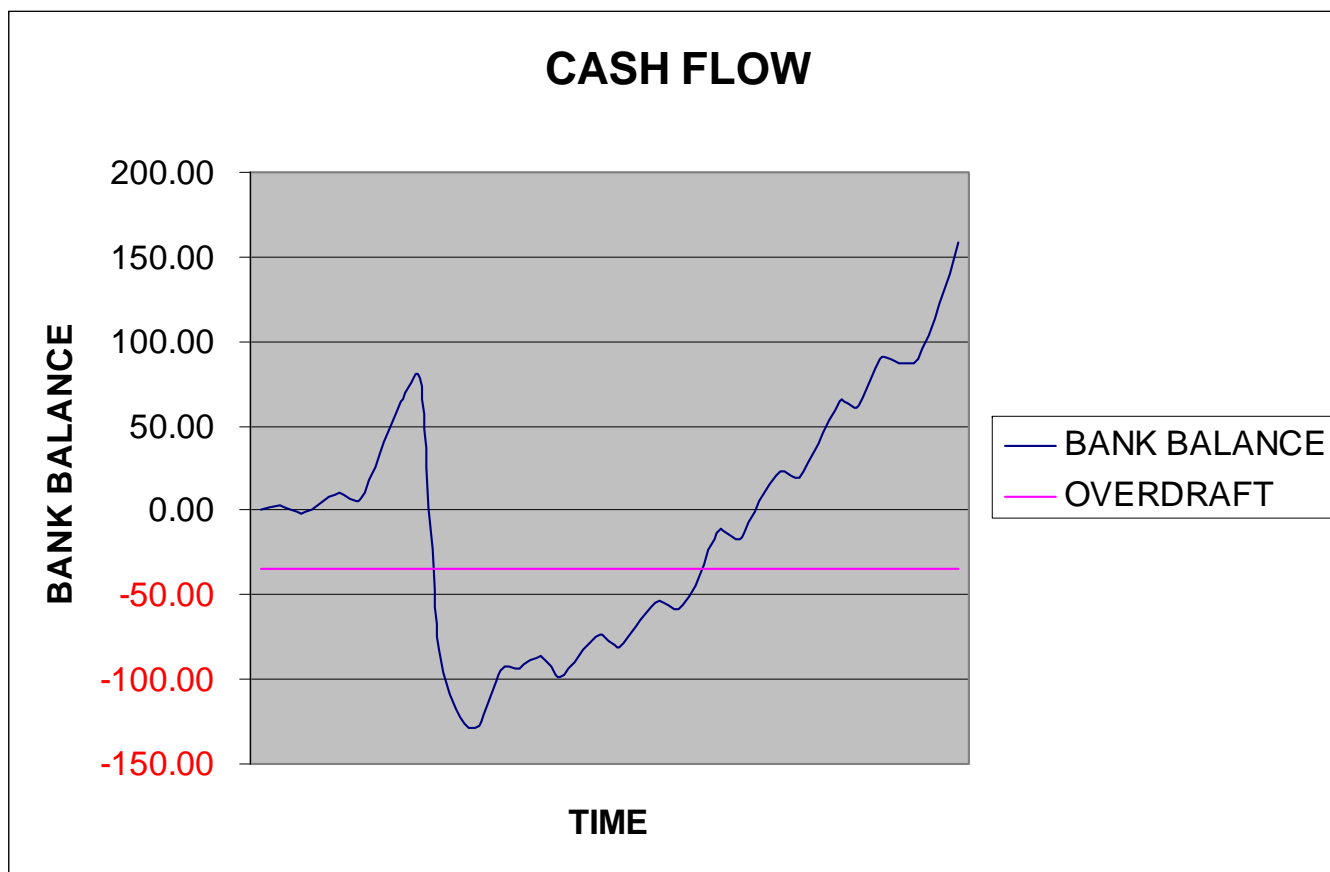
Without the project

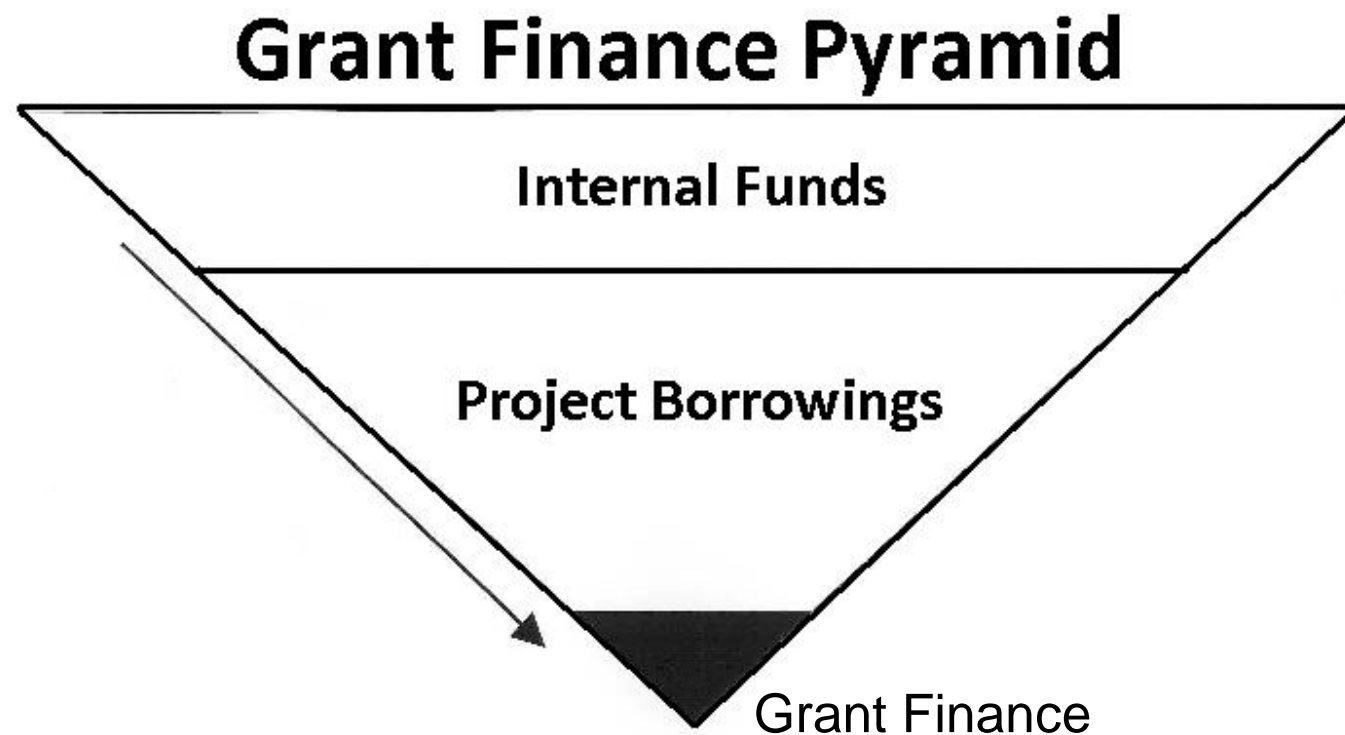


With the project



With the project





Who gets them?

YEAR		VALUE OF OFFER	SIC DESCRIPTION	Company Name	Postcode
2006	£	200,000.00	Mfr of fasteners, screw machine products ...	Macalloy Ltd	S25 3QE
2008	£	75,000.00	General Mechanical Engineering	J P Forrest & Son Ltd	S81 7DG
2008	£	99,000.00	General Mechanical Engineering	Unicut Precision Ltd	AL7 1AU
2009	£	100,000.00	General Mechanical Engineering	PBH Precision Engineering Ltd	TW16 7HB
2008	£	1,016,000.00	Mfr of fasteners, screw machine products ...	Hellermann Tyton Ltd	PL2 3NX
2010	£	515,000.00	Mfr of other fabricated metal products nec	Crown Specialty Packaging UK	NG18 2EZ



Key grant requirements

The Do's

- **Fully understand why the grant is being offered in the first place and ensure your project matches the scheme requirements** – Schemes are often not flexible as they are for a specific purpose and have set UK/EU guidelines so they can't change to match your project!
- **Engage the grant body before you apply** – This can save a lot of time and effort. Eligibility is often not straight forward, so discussions at early stages is advised to reduce your risk when in a full application
- **Do** read any guidelines available, as their lies the key to a successful application.
- **Answer** the questions set and don't talk 'AT' them in an application about what you want! Tell them what you can offer the economy in return for them funding you that you would not be able to do without funding.



Key grant requirements

The Don'ts

- **Don't** believe everything you hear in the pub or the press about grants!
- **Don't** believe there is a large EU pot of money sat there unspent!
- **Don't** roll out an OLD business plan – All documents should be tailored
- **Don't** ask for something that does not fit the guidelines
- **Don't** assume the grant body knows you or your industry – take them through a clear, concise and specific request in your application form and business plan. Logo's, pictures, Google earth shots and diagrams all help set the scene.
- **Don't** be vague about what you want and how much you want
- **Don't** send in extra information that won't assist with the specific request







“Ultimately the same product just different wrapper”

- *You will find very common questions and themes running through all grant applications. They tend to use the same methods but for different purposes.*
- *It takes a lot of work to come up with an entirely new application style process!*





How do you find them?

- BusinessLink.gov.uk
- J4B.co.uk
- GrantFINDER/GrantNET.co.uk
- Council Websites
- GreenGrantsMachine.co.uk
- governmentfunding.org.uk
- Quango websites





How do you find them?

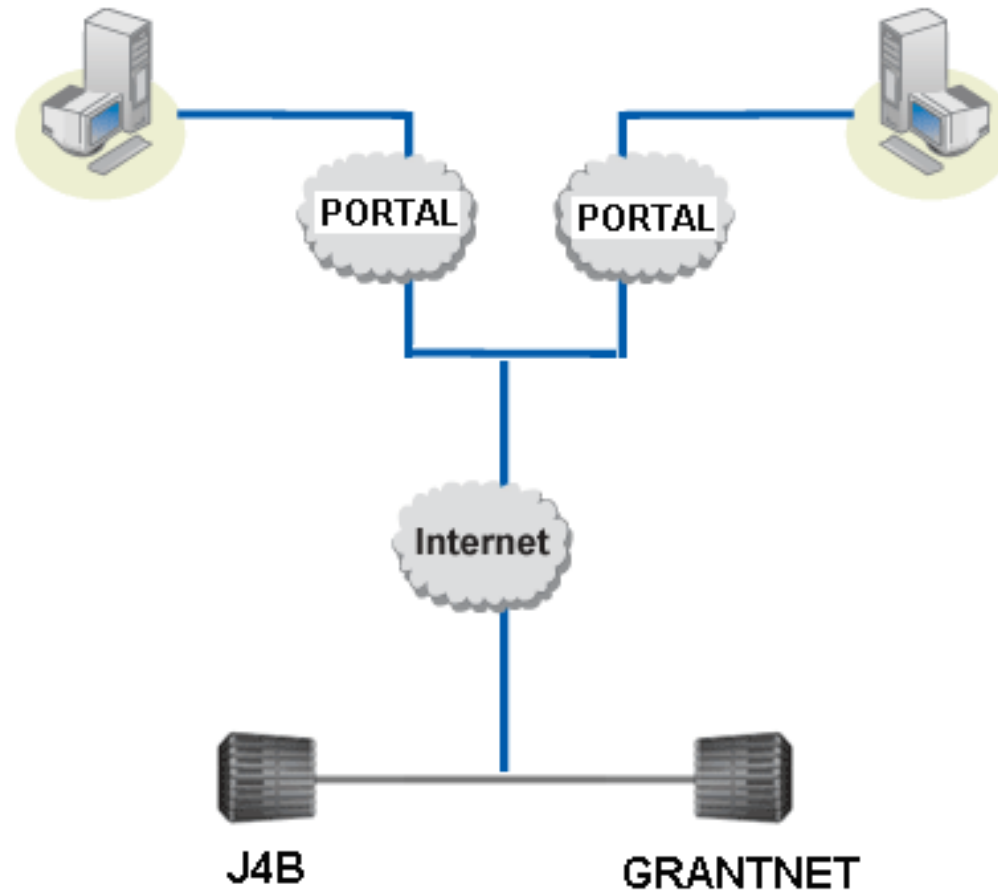
- Well ALL of those site are powered by software owned by one of the following;

www.j4b.co.uk – Cheshire/London

www.grantNET.co.uk - Nottinghamshire



How do you find them?



The Future of grant funding in the UK





Government Grants

Q&A

Ian Heywood
Director – UK Grants Limited

