



DIGITALENTERPRISE

..... *invest in digital*

Guidance on the Digital Growth Vouchers scheme.

This document provides potential applicants, intermediaries and suppliers with key information about the eligibility criteria for the Digital Enterprise Vouchers scheme.

v.1.3 January 2017 (subject to revision)



The Digital Enterprise business support programme is aimed at growth focused small and medium sized businesses (SMEs) based in the Leeds city region, which are considering scaling up through an investment in digital technology to improve their performance and growth prospects.

The programme offers two strands of support for eligible firms;-

- a) A grant scheme offering funding (referred to as 'Digital Growth Vouchers) to eligible firms. Vouchers will range from £1000 to £5,000 and will need to be matched by funding from the business. The Scheme will offer funding up to 40% of the total value of an investment with the balance of 60% funded by the applicant.

The scheme aims to help eligible firms access and use digital/information and communication technology to achieve business growth and raise competitiveness.

***Example:** A manufacturing business in Wakefield is aiming to grow by selling its products online through the commissioning of a new website. The website has a total cost of £5000 (excluding VAT) – which includes costs relating to its integration. The firm would be able to apply for a Digital Growth voucher worth £2000 (40% of the total value) providing it funds the balance of £3000 (60%).*

Also, the business owner expects to see turnover increase by 10% in year 1 after the investment has taken place, with a further increase of 15% in year 2.

- b) A programme of workshops, masterclasses and mentoring support to managers/owners, delivered at venues across the Leeds city region on a range of topics, focused on digital technology e.g. social media, cyber security, digital marketing and web development etc. This strand of the programme will be available from **Spring 2017** – further details to be covered in a separate note.

Eligibility criteria for Digital Growth Vouchers.

Below we outline the key eligibility criteria which must be satisfied by applicants;

General conditions

- Applicants must be commercially focused trading businesses which;
 - o Have fewer than 250 employees (full time equivalents).
 - o Have an annual turnover of below €50 million (based on their last published accounts).
 - o Have an annual balance sheet total not exceeding €43 million (based on their last published accounts).
 - o Have not received State Aid (funding from any national or local public sector scheme) in excess of €200,000 over the previous 3 financial years.



- Digital Growth Vouchers will be worth a minimum of £1000 and a maximum of £5,000 - representing 40% of the total value of an investment. Applicants will need to fund the balance of 60% for their investment. Therefore, the minimum value of investment projects considered under this scheme is £2,500 (40% of which is £1000).
- Voucher payments cannot be used to pay VAT.
- Funding will only be provided for the acquisition of assets i.e. not for leasing or hiring equipment or on-going revenue expenditure.
- Firms must be trading businesses – with at least 6 months trading history. Please note that a proportion of funding will be targeted at young firms that have been trading for between 1 and 3 years.
- Only one application, per business, will be considered.
- Subsidiaries of larger firms are excluded, if the parent company is not an SME or has previously received State Aid exceeding the threshold, mentioned above.
- Applicants will be given a 3 month timeframe to complete their investment, from the point of receiving approval for a voucher. After this time, Digital Enterprise reserves the right to cancel the voucher (this will not apply in exceptional circumstances where a delay is beyond the control of the applicant e.g. where a supplier has failed to complete the work).
- Voucher applications can be for either one technology solution or a bundle of solutions. Nevertheless, three written quotations will be required for each solution.
- Digital Enterprise reserves the right to cancel a Digital Growth Voucher, once issued to an applicant, if we suspect fraud has been committed in any aspect of applying for a voucher.
- There is no automatic right granted to applicants to appeal the decision about a voucher application. However, applicants can re-submit an application for a voucher, if they have been unsuccessful (limited to 1 re-submission per applicant).

Geographic

Firms applying for the funding must be based within the Leeds city region i.e. have their headquarters or main operation centre within one of the following local authority districts;

- Bradford
- Calderdale
- Craven
- Harrogate
- Kirklees
- Leeds
- Selby
- Wakefield
- York



Map showing the area of coverage for the Digital Enterprise programme.



Geographic eligibility can also be ascertained by establishing whether the business pays its businesses rates to any of the local authority districts illustrated above (if it pays business rates).

A postcode checker will be available on the Digital Enterprise website (from early 2017) to help applicants establish if they are located in the Programme's coverage area.

In instances where an applicant business has its head office elsewhere, geographic eligibility will be determined by establishing whether the impact from the investment project benefits the Leeds city region economy.

Similarly, businesses that are based in the eligible area, but which operate outside of it, will need to demonstrate how the investment benefits their operations within the area i.e. creates jobs or develops capacity in their operations based in the area.

Economic impact

Businesses applying for a voucher will need to indicate how their investment will generate a positive economic impact. Below, we have listed the common types of economic impact that may result from an investment in digital technology;-

- Number of jobs created.



- Increase in turnover.
- Increase in profitability.
- Increase in efficiency.
- Increase in speed and quality of digital connectivity – where relevant.

Applicants will be asked to both identify and quantify the potential impact of their investment when completing the application form.

Eligible sectors/business activity

Digital Enterprise aims to support the strategic objectives of its partners including the Leeds city region Local Enterprise Partnership and local authorities, in encouraging funding applications from all eligible sectors.

However, all business to consumer (B2C) activity i.e. retailers and estate agents etc, are ineligible for grant funding. Nevertheless, they will be able to participate in the other strand of the programme – workshops, masterclasses and mentoring (due to be launched in the Spring of 2017). Other sectors/economic activity that are **ineligible** for funding include;-

- Primary industries e.g. fisheries, agricultural and mining which are supported by alternative EU funds (**EAFRD** – European Agriculture and Rural Development).
- Banking and insurance firms
- Retailing.

In instances where a business has a mixture of B2C and B2B (Business to Business) activity, only investments relating to the B2B strand of the business will be eligible for support. Digital Enterprise will consider applications on a case by case basis and reserve the right to refuse funding, where no clear evidence of separation of activities can be provided by the applicant.

Investment types

Digital growth vouchers are intended for the acquisition of I.T hardware, software purchases or upgrades to digital connectivity. Funding can only be used for the purchasing of equipment or software and **not for the revenue costs of leasing them**.

It is imperative that applicants describe the purpose for which the acquired asset or investment will be used and how it will benefit business performance.

Please note that EU Funding is only issued to achieve 'Additionality' i.e. to add value. It cannot be used to merely replace old equipment or infrastructure, where no value is added to a firm's performance or capacity.

Examples of eligible hardware/software.

- New laptops, desk tops or tablet computers, VOIP telephony or other peripheral devices e.g. printers.



- An upgrade in a firm's digital connectivity. However, the grant will only be able to cover the cost of the upgrade, rather than any on-going revenue costs.
- The acquisition of new software to manage the business. The grant can cover integration and consultancy costs too.

Application process – Key stages

Applicant businesses that meet the criteria in the Eligibility Checklist should apply for a Voucher using our paper based application form, which will be sent out to them (an online application form will be available from early 2017).

Businesses are required to complete all sections of the application form, with particular consideration to the impact of the funding/investment upon their business growth and development. Proposals with poor or insufficient economic return (in terms of job creation or business expansion) relative to the value of the Voucher are unlikely to be successful.

i) Eligibility verification and due diligence

Submitted applications will be checked for eligibility using a variety of sources, including;

- Companies House records
- VAT number – Customs & Excise
- Business rates registration – Local Authority
- Business identity evidence – web and credit reference checks.

We may also ask for supporting documentation to confirm aspects of eligibility, including latest company accounts, a P&L statement or proof of location etc.

ii) Site visit and needs analysis

Once we have confirmed eligibility, we will arrange to visit the business, ideally at their business location, to discuss the proposal further and to carry out a short needs analysis – (including a review of their growth aspirations and digital technology solutions and options).

iii) Investment Appraisal

It is important for us to demonstrate that we are maximising the return on investment from the public money which is being used to finance the Digital Enterprise programme, hence all Voucher applications will be reviewed and appraised by the Programme Management team. This will be an efficient and streamlined process, with the Panel reviewing applications shortly after they are submitted. We are keen to ensure that this process is efficient so that we can get a response to applicants as soon as possible.

iv) Funding Agreement with Digital Enterprise

Successful Voucher applicants will be asked to sign a formal Agreement with Digital Enterprise for the funding. This will include conditions/stipulations with regards to;-



- Procurement evidence (see Procurement section below).
- Purchase evidence and original documentation retention.
- Provision of impact data relating to the investment (collected after 12 months).

v) Voucher Award

Once applicants have signed the Agreement, they will be encouraged to procure their investment and obtain the necessary evidence.

After applicants have paid their chosen supplier the full amount for their agreed investment they will need to provide us with **certified copies** of the evidence i.e. receipts from their supplier and a bank statement showing the expenditure (retaining all original documentation as agreed in the Voucher Agreement).

The Digital Enterprise team will then validate all the documentary evidence and issue payment to the value of the Voucher by an agreed payment method (electronic BACs payment or cheque).

Please note that any assets purchased with Voucher funding, in excess of £5000, will need to be recorded on an **Asset Register** – maintained by Digital Enterprise. Information about the asset, including its value, serial number etc. will be recorded by a member of the Digital Enterprise team.

After 12 months, from the issue of the payment, we will contact the business to request details of the impact/outputs resulting from the investment project.

The illustration below describes the typical process of applying for Digital Growth Voucher.



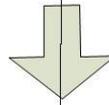
Digital Growth Voucher – Draft Application Process

Visit our eligibility checker on our website

The screenshot shows the 'Eligibility Checker' form on the Digital Enterprise website. The form includes fields for 'Your Postcode', 'Business Size', 'Turnover', 'Your Customers', 'Balance Sheet', 'Sector', and 'Starts/Ends Received in last 3 years'. Each field has a 'Please Select...' dropdown menu. A green 'Check Eligibility' button is located at the bottom of the form.

Yes

If eligible - apply online

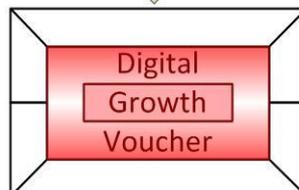
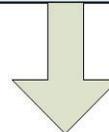
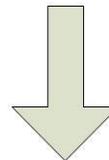


We will assess your application for;

- Eligibility,
- Compliance
- Economic impact, and
- Additionality

If approved;

Procure your project/solution.
Get 3 quotes beforehand.



Submit your claim (with evidence of expenditure) we will refund 40%

Voucher applications should be returned to vouchers.DE@Leeds.gov.uk



The estimated time from submitting an application to issuing a Voucher will depend upon several factors, including the applicant's ability to collect the evidence required and their supplier's ability to deliver the solution. Nevertheless, average voucher processing timescales are likely to be around 4-6 weeks.

Procurement guidelines

Depending upon the total value of an investment project, different rules apply regarding procurement. The table below describes the requirements for each level of value of investment project;-

Total value of investment project (including Voucher) £	Minimum Procedure	Advertising of Tender publication requirements
£2,750 - £24,999	3 written quotes or prices sought from relevant suppliers of goods, works and services.	None
£25,001 – Relevant Public Contracts Regulations threshold.	Formal tender process, based on The Public Contracts Regulations 2015	1) Advertised on a platform such as Contracts Finder, eTenders, CompeteFor or equivalent; and 2) Tender to be advertised on the Voucher applicants website for a reasonable time period (at least 2 weeks).

The majority of investment projects in the Digital Enterprise scheme are likely to be between £2,750 and £24,999 i.e. they will be subject to the three written quotes rule. Any investment project in excess of £25,000 will require prior approval from the Digital Enterprise programme team, who can advise applicants further on the formal procurement rules to be followed.

For voucher values under £25,000, applicants will be sent a tender form, which they should complete with the following key information about their procurement, including;

- Details of the digital technology solution being procured.
- Information on the 3 quotes that have been obtained from relevant suppliers, with written quotations attached, and
- Details of the supplier that has been selected, including the reason /justification for the preference.

Once this form is returned to us with evidence of the 3 quotes, we will verify the details and write to the applicant confirming the award of the voucher (subject to all conditions being met).



Digital Growth Advisers will be able to offer further advice and guidance to businesses that are eligible for the scheme and wish to proceed with their application for a Digital Growth Voucher.

Digital Enterprise reserves the right to alter or amend this guidance at any time.



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