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DIGITALENTERPRISE

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Guidance on Connectivity Vouchers

This document provides potential applicants, intermediaries and suppliers with key information about the eligibility criteria for Connectivity vouchers under the Digital Enterprise programme.

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About Digital Enterprise

The Digital Enterprise business support programme is aimed at small to medium sized businesses (SMEs) that are based in the Leeds city region, and are wanting to grow and develop through an investment in digital technology. The programme offers three strands of support for eligible businesses and businesses can apply for more than one strand of assistance:

- a) **Digital Growth Voucher** - worth from £2,000 to £10,000 for eligible businesses. The voucher can be used to help cover the cost of investing in digital technology solutions to enhance business performance and achieve growth – see www.digitalenterprise.co.uk/vouchers
- b) **Connectivity Voucher** worth between £500 and £1,000 for eligible businesses. This voucher is aimed at businesses that are looking to upgrade their digital connection/broadband – **this is covered by this Guidance Note.**
- c) **The Digital Knowledge Exchange** - a programme of workshops, masterclasses, mentoring support and digital auditing for managers/business owners which are focused on digital technology solutions e.g. digital and social media marketing, Search Engine Optimisation, cyber security/digital resilience, etc. Events and workshops will be delivered at venues across the Leeds city region. For more information about this service please visit <https://www.digitalenterprise.co.uk/digital-knowledge-exchange-service/>

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The Connectivity Voucher

Many small firms that wish to grow and achieve digital transformation are limited by the quality of their digital connection/broadband, including limited bandwidth (up and downstream), high levels of contention with some technologies (FTTC), or the cost of upgrading to a dedicated connection (ISDN or excess construction charges, etc.) due to their location.

Digital Enterprise's Connectivity Voucher addresses some of these barriers by providing funding to help Small to Medium Sized Enterprises (SME) acquire business grade connectivity, to scale up and achieve digital maturity. Our Connectivity Voucher scheme is underpinned by funding from the European Regional Development Fund (ERDF).

Connectivity Vouchers are intended to help firms upgrade to high speed business grade broadband, which includes;

- Download speeds in excess of 30 mgbs (or if the current download speed is above 30 mgbs, then a new higher speed connection, which doubles the broadband speed).
- Higher upload speeds.
- Low or no contention levels.

Approximately 250 Connectivity Vouchers are available, on a first come, first serve basis and when our funding is exhausted, this strand of the programme will close.

Based upon a minimum project cost of £500 (excluding VAT) the Voucher will be a grant of between £500 and £1,000 to help cover costs related to the installation and upgrade of digital connectivity/broadband.

Eligible businesses can use the Voucher for a range of costs associated with upgrading a digital connection, including;

- The actual cost of the installation i.e. the cost of the physical connection, including excess construction costs to reach a network.
- Hardware related to facilitating the connection e.g. a firewall, router, receiver/antennae (for wireless connections).
- Virtual servers and software licences (subject to limitation of upfront costs only).
- Internal ethernet network cabling.
- Consultancy/project management cost to install a connection – capped at 25% of the value of a Voucher.

Vouchers cannot be used to cover revenue/ongoing subscription costs for broadband services and cannot be used to pay VAT.

As Connectivity Vouchers are worth from £500-£1,000 and cannot be used to pay any aspect of VAT, it will be important for applicants to clearly define the specific actions and expenditure associated with the connection/upgrade.

The value of investment projects under this scheme must be at least £500, to be eligible. Connectivity Voucher applicants will only be required to provide match funding for the balance

of their investment if the project cost is above £1,000 i.e. if a firm is upgrading to an ISDN connection at a cost of £1,800, they will be required to fund the balance above £1,000 i.e. £800.

Any consultancy costs included are capped at 25% of the total project value and can only be included if they add value to the asset being acquired for the business i.e. projects which are 100% consultancy are ineligible.

Applicants will be required to provide speed test results both before and after the upgrade even in the case of new premises.

Typical profile of applicants

Businesses that wish to apply for a Connectivity Voucher will need to meet the General Conditions listed below, however, we are particularly keen to receive applications from the following profile of business:

- Smaller firms (with 1-10 employees) over 12 months old.
- Businesses operating from their own dedicated business premises, including **home based businesses**. Also, businesses sharing a business unit with another business will not be eligible, unless it is clear that the attributable benefit and impact of the enhanced connection relates to the applicant.
- Businesses which can demonstrate a clear aspiration to achieve digital transformation, i.e. firms which are aiming to deploy cloud based solutions.
- Firms involved in high levels of data transfer, with a clear business requirement for high upload and download transfer speeds, with little or no contention limitations.
- Firms based in city centres, which have little viable alternative connectivity options due to poor network coverage by mainstream providers.
- Firms developing new-to-the-firm products or services, facilitated by high speed connectivity.
- Applicants should be commercially focused trading businesses which;
 - Have fewer than 250 employees (full time equivalents).
 - Have an annual turnover of below €50 million (based on their last published accounts).
 - Have an annual balance sheet total not exceeding €43 million (based on their last published accounts).
 - Have not received State Aid (funding from any national or local public sector scheme) in excess of €200,000 over the previous three financial years (De Minimis aid).

Economic impact

Businesses applying for a Voucher should indicate, on the Application form, how their investment will generate a positive economic impact on their performance. Below, we have listed the common types of economic impact that may result from an investment in digital technology:

- Digital transformation arising from improved connectivity.

- Increase in speed and quality of data transfer – both up and downloading.
- Number of jobs created resulting from increased capacity.

Applicants will be asked to identify and quantify the potential increase in broadband speed on their application form.

General conditions

The following general conditions apply to applications for Connectivity Vouchers.

- 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.
- Digital Enterprise reserves the right to cancel a Connectivity 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 one re-submission per applicant).
- Firms in financial difficulty are precluded from support under Digital Enterprise. Applicants will need to declare that the business is NOT in difficulty as defined under the State Aid rules, the definition of which includes the following criteria:
 - *that more than half of its capital as shown in the company accounts has NOT disappeared as a result of accumulated losses;*
 - *that the business is NOT subject to collective insolvency proceedings, and that it DOESN'T fulfil the criteria under UK law for being placed in collective insolvency proceedings at the request of its creditors;*
 - *that the business has NOT received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has NOT received restructuring aid and is still subject to a restructuring plan.*

Applicants will be given a three 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).

Applicants do not need to provide match funding for their investment project for a Connectivity Voucher.

Please note that any fixed assets purchased with Voucher funding, in excess of £5,000, (or £1,000 for mobile assets such as servers) will need to be recorded on an **Asset Register**. Information about the asset, including its value, serial number, etc. will be recorded by a member of the Digital Enterprise team.

Geographical Limitations

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 determined by establishing whether the business pays its businesses rates to any of the local authority districts illustrated above (if it pays business rates). The Eligibility Checker on our website can help applicants establish if they are located in the Programme’s coverage area – see <https://customerexperience.be-group.technology/dke/application.aspx>

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.

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 (B2B and B2C) sectors.

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.

Application process – Key stages

Applicants should check their eligibility via the Digital Enterprise website. If they are eligible for a Connectivity Voucher, they will be presented with the option to apply online – see <https://customerexperience.be-group.technology/dke/application.aspx>

Businesses are required to complete all sections of the form, including uploading their quotes.

Applications must be completed by the owner or authorised business manager employed by the business. Applications completed by agents or suppliers will be deemed ineligible.

1. Eligibility verification and due diligence

Once an application is submitted to us it will be checked for eligibility, using a variety of sources, including;

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

We will also ask for a broadband speed test taken at the business location, using a broadband speed checker such as one offered by ‘Which online’ - <https://broadbandtest.which.co.uk/>

We will also ask you to provide quotes from two suppliers.

If we are satisfied with the all documentation you have provided, we will send out a Funding Agreement by DocuSign (an electronic signature encryption system), which confirms your eligibility for funding.

If an application is ineligible for a Voucher, the applicant will be informed by email, with the reasons and may be provided with further information about alternative funding schemes.

2. Funding Agreement

Once all requested information has been received by the Digital Enterprise team, a Funding Agreement will be drawn up and sent to the applicant for signature. Applicants will need to sign the Funding Agreement via DocuSign to confirm their acceptance of the terms and conditions of the Voucher funding, which include:

- The supply and retention of purchase evidence and original documentation, including receipts, invoices and bank statements showing defrayal.
- Evidence of the economic impact data relating to the investment (collected after 12 months).

3. Making a Claim

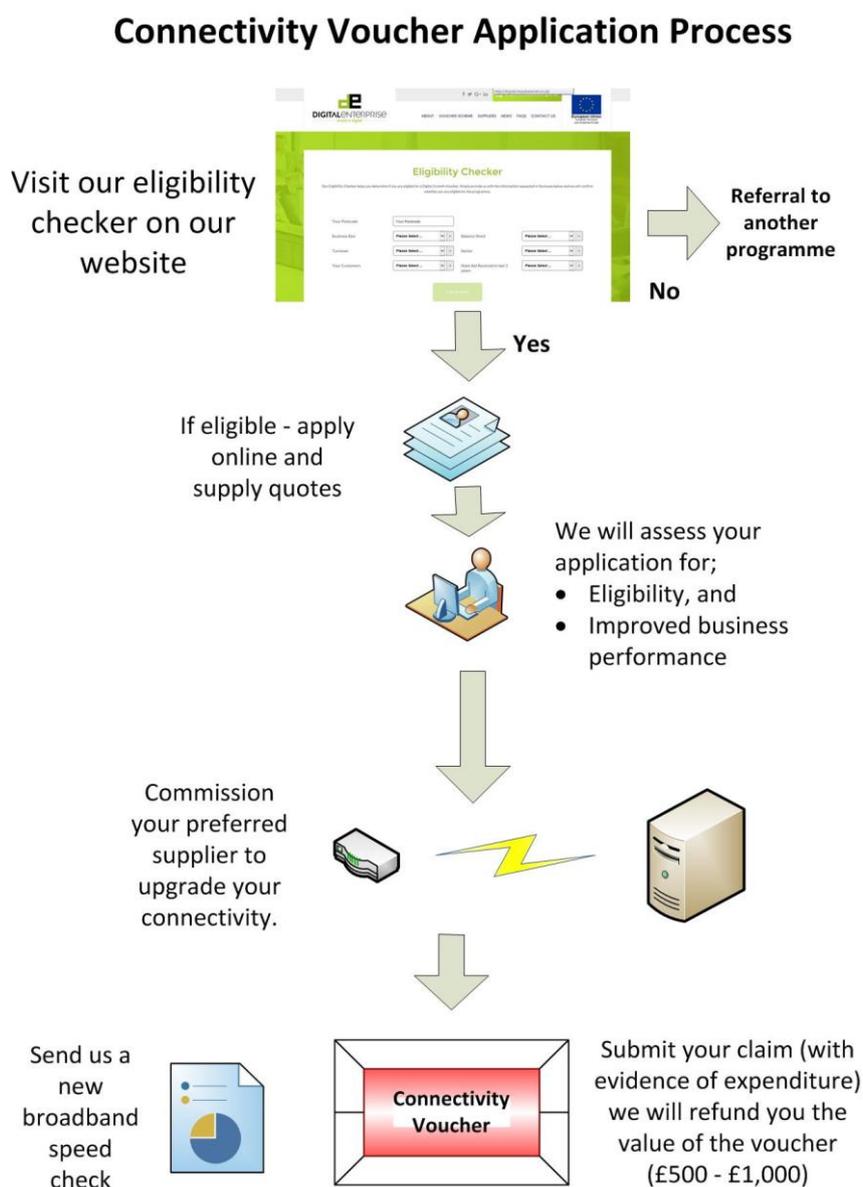
Once applicants have signed the Agreement, they should proceed to commission their supplier to install their enhanced connectivity.

After applicants have paid their chosen supplier the full amount for their connectivity project, they will need to provide us with **certified copies** of the evidence i.e. receipts from their supplier, a bank statement showing the expenditure (retaining all original documentation as agreed in the Voucher Agreement) and a new broadband speed test certificate which shows the upgraded speed.

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).

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 a Connectivity Voucher.



Voucher applications can only be submitted via our online portal.

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 6 – 10 weeks.

Further details on the Connectivity Voucher scheme can be found at:

<https://www.digitalenterprise.co.uk/vouchers/connectivity-vouchers/>

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



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