Innovation Support for Business Go-Create and eScalate Grant Q&As

Last updated: 21st October 2021

1. Can grants be used for marketing, e.g. Facebook advertising campaigns?

Yes, in certain cases. eScalate Social Enterprise grants can be used for advertising campaigns. Although an eligible activity, it is hard to see how it would be a good fit to an eScalate Access to Finance grant. For an ISfB Go-Create grant, marketing would have to be shown to be an important part of the innovation project; marketing cannot form an entire Go-Create grant project.

2. What if we do not have accounts for a previous year as we are in our first year of trading?

You should provide a forecast for your first year of trading in place of accounts. The same applies if your business is incorporated but pre-revenue.

3. Do technical specifications have to be submitted or will a product summary suffice?

We do not require technical specifications. A summary or description of your product will be sufficient, provided it gives enough information for grant assessors/Panel members to understand it.

4. Do suppliers have to be paid before the grant can be paid? What if supplier payment terms are 90 days?

Yes. We can only pay the grant based on defrayed expenditure, i.e. costs you have paid out of your bank account. Until this happens the costs cannot be claimed. This means that if your payment terms are 90 days you cannot submit a claim until after the 90 days have elapsed, i.e. once the supplier has been paid.

5. We will be looking for a grant of less than £25,000, do we still need to get three quotes for the project?

Yes. You should provide three quotes for each item of expenditure in your application. As we have accelerated the process, we accept that this may not always be possible, but we cannot issue a Grant Offer Letter until you have received all three quotes.

If you are purchasing anything that costs more than £25,000 you do not have to seek written quotes, but you must run an open procurement process, as described in the guidance notes.

6. Do I need to include 3 quotes for all procurement under £25,000? For example, small items, and items with only one obvious supplier e.g. Facebook advertising, which can only be done through Facebook.

Where only a single provider is possible, e.g. Facebook advertising, you will only be able to obtain a single quote. In areas where this is less obvious, you should attempt to obtain three quotes. Ideally you should have responses confirming that suppliers cannot offer that service and in an ideal world, which we accept is very unlikely, they suggest you contact the supplier you have chosen as the only business that can offer those services.

For small items, e.g. items costing less than £100, it will not be a requirement to see three quotes, although the Grant Panel may request them as a condition of the grant offer. However, this does not mean that procurement can be disaggregated or split up into smaller elements simply to avoid seeking three quotes. If you have specific questions about procurements, we suggest you speak to the relevant programme team.

7. Can we apply for a grant for two distinct projects, i.e. £25,000 each, total cost £50,000?

You could potentially receive a grant from both Go-Create and eScalate. It is also possible you could receive two grants Go-Create. If you apply under both programmes or if you apply again to Go-Create, the grant projects must be clearly and quantifiably different and cannot include the same activities or quotes.

In theory you could apply more than once to each programme in a single round, however we strongly recommend that you do not do this as the assessors and grant panel have no way to know which application is your priority. If you have more than one potential project under one of our programmes, you would be better to apply with your preferred project and, if that is unsuccessful, to then submit your second application.

8. Can we start working on the project before we are notified, providing we do not pay any subcontractors or third parties?

No. Activity, including signing contracts and starting work, cannot commence before the grant is awarded. If you are willing to start working without the grant, it is questionable whether the grant is needed for the activity. From the point at which we notify you that you have been awarded the grant and with our approval, you can commence working. However, this will be at your own risk until the Grant Offer Letter is issued and signed.

9. We are a business based outside Oxfordshire, are we still able to apply?

Any eligible SME based in the England ERDF Operational Programme area can apply. However, we are looking to prioritise projects that deliver an economic benefit to Oxfordshire.

10. Where the guidance states staff costs are not eligible, it is not clear whether this includes consultancy?

Sub-contracted consultants are not staff costs and consultancy costs are therefore eligible.

11. Can I include staff costs in the match funding element?

No, any salary related cost that goes through PAYE is not eligible, either as the ERDF grant or the match funding element of the project. All of the costs in your project must be eligible costs.

12. Do my suppliers need to be registered and/or trading in the UK?

No, suppliers can be based overseas. You will need to demonstrate that they have been selected on merit in exactly the same way as any other supplier.

13. Can I work with a supplier with whom I have worked with before?

Yes. As you will have sought three quotes, you will be able to justify your decision to choose to work with them over and above anyone else (e.g. on the basis of price, quality, level of service etc).

14. Can you clarify what the grants for scale ups under eScalate can be used for?

eScalate grants for scale up SMEs must be spent on projects the support the SMEs to access finance or to become investment ready. Activities can include specialist consultancy and support related to:

Access to finance consultancy
- Preparation for access to finance sector focused events
- Analysis of potential financing routes for businesses
- Investment readiness reviews and action plans
- Accountancy advice incl. SEIS, EIS to help access finance

Specialist consultancy to help get business investment ready
- Business plan
- Feasibility study
- Market research
- Competitor analysis
- Partners and suppliers research
- Viable growth-forecasts and research
- Robust cash-flow projections
- Legal Advice incl. company structure, employment law, GDPR, IP
- Coaching/mentoring support to build an investment ready leadership team

These lists are not exhaustive, but your application must demonstrate that your project relates to getting your business ready to access finance or become investment ready.

15. **Can you clarify the maximum value Go-Create grant you provide? On slide 8 of the presentation it states that Max Grant is £50,000 (anticipated) yet later in the presentation it states £10,000 as a maximum.**

For Go-Create the maximum grant we anticipate giving to an applicant is £50,000 (slide 8), although this is our expectation not a maximum. If your grant request is going to be larger you must speak to a member of the project team.

Slide 11 refers to a Go-Create grant of £10,000 as an example to demonstrate how the maximum grant awarded and grant rates work together in an example project.

16. **Please can you clarify the procurement thresholds, in the webinar, the amount of £25k is listed, but is this the match funded grant, or the total amount? The maximum eScalate grant that OxLEP will provide is £25,000, but at what point do we need to advertise via OJEU, and below which amount do we simply obtain 3 quotes?**

The procurement threshold is £25,000. Below that you must obtain three written quotes and above £25,000 you must run an open procurement process. Whether the £25,000 is grant or match funding makes no difference, if you are buying anything that costs £25,000 or more you must run an open process and anything below that requires written quotes.

It is very unlikely that a grant will require an OJEU process as the current procurement threshold for this is £189,330 and we do not expect the total value of any grant project to reach that figure.

17. **I am applying for an Innovate UK grant which will cover 70% of eligible project costs. Can I obtain the balance of the funding from Go-Create?**

No, the Go-Create grants are already matched with ERDF and therefore need to have "clean" match (i.e. funding not already matched elsewhere). Innovate UK funding will not meet that requirement as it is usually awarded under the General Block Exemption Regulation and a Go-Create grant cannot act as match against that.

18. **Is it possible to use other grants as match against an eScalate or Go-Create grant?**

The grant match must be private money, i.e. it cannot come from a public source such as local or national government. Bank loans and CIBIL loans are also eligible as match. The simplest match is cash in the bank. If you wish to use other grant

funds outside of ERDF (including other public funds), please let us know and we can confirm if this is eligible match based on the details of the fund.

19. Is there a checklist for the open procurement process that we can have?

We are developing a specific checklist, but you will also need to speak to the team. At a high level this process needs to be as follows:

- Create a specification document setting out the detail of the procurement, deadlines and selection criteria (e.g. how you will score responses, or other selection process)
- Advertise the opportunity on your website and Contracts Finder (https://www.contractsfinder.service.gov.uk/Search) which is free to register as a buyer for at least ten days, but preferably longer for higher value or complex procurements (and at this time of the year not counting the bank holidays)
- Select from responses received on or before your deadline using the criteria set out in the specification, keeping scoresheets
- Inform the successful and unsuccessful respondents in writing, keeping these emails.
- Issue a contract or equivalent (e.g. a Purchase Order) to the successful bidder for the work
- Summarise the process and results in an award report (this is not essential but is best practice and keeps auditors happy)
- Keep a record of the Inception Meeting, if you hold one

20. Where do we need to advertise an open procurement process tender other than on our website?

You are required to advertise the opportunity on Contracts Finder: https://www.gov.uk/contracts-finder for any procurement over £25,000.

21. Is the ISfB funding in any way regarded as State Aid? If it is, will it affect a business' ability to claim tax credits for R&D?

We must reiterate that we are not tax advisors, and this is a complicated area and we strongly recommend that you seek expert advice.

ISfB funded support (grant and business support) is a State Aid but is managed as a De Minimis aid and it is therefore not a notifiable aid. We believe that means that if an SME receives a Go-Create grant from ISfB, the grant money itself could be considered under RDEC. But the fact that they have received the grant would not prevent the rest of their R&D spend being considered under the SME R&D tax credit scheme.

However, we are not tax experts and therefore before making a claim for R&D tax credits you should seek expert advice.

22. Can Go-Create or eScalate grants be used to support a pre-start?

No, we can only award a grant to an existing undertaking (e.g. a limited company, sole trader, etc.). However, pre-starts may apply but must have formed a business, i.e. become start-ups, by the time the grants are awarded.

This is because in the case of a pre-start, the only possible grant recipient is the founder(s) and an ERDF grant cannot be given to an individual, only an undertaking.

23. Can this funding be used to cover the cost of training from the provider on the new software?

ERDF cannot be used to fund training. However, if this forms part of the installation and implementation of the software, it would be eligible. It cannot lead to any form of accreditation.

24. Can this funding be used to cover the cost of a data migration service provided by a supplier to help initially set us up with new software?

Yes.

25. The software we hope to purchase has a yearly fee for the platform and user licences. Is this funding intended to cover the initial cost of getting the software installed and up and running therefore just one year of the software cost, or can we apply for funding to cover a 2-3 years of this yearly fee?

The grant can only cover costs that you have defrayed during the grant project. We cannot leave a grant open for 2-3 years. If you were to purchase a three years license alongside the installation that would be an eligible cost as it would be defrayed during the grant project. You would not be able to include costs for years two and three if you pay for them at the start of years two and three.

26. What reporting do you require on this funding?

We require grant claims supported by evidence of defrayal, e.g. invoices and bank statements, and reporting on the output and impact deliverables achieved, e.g. employment increase, new products to firm and to market, etc. There are templates for the reporting and the team will be able to guide you through the process if your application is awarded a grant.

27. We note in the guidance that businesses engaged in the 'primary production, processing and marketing of agricultural products' are not eligible. How do we know whether our business falls into that category?

This is a complicated area, although it seems simple. You will need to work out whether you produce an Annex 1 product. Annex 1 products are not eligible for

support under these projects. Each type of product has a number according to the Combined Nomenclature. To work out whether a particular product is Annex 1:

1. Go to https://www.uktradeinfo.com/TradeTools/ICN/Pages/ICNBySection.aspx
2. Enter your product type and you will be given a code.
3. You code is Annex 1 if it begins with any of the following numbers: 01, 02, 03, 04, 0504, 0515, 06, 07, 08, 09, 10, 11, 12, 1302, 1501, 1502, 1503, 1504, 1507, 1512, 1513, 1517, 16, 1701, 1702, 1703, 1705, 1801, 1802, 20, 2204, 2205, 2207, ex 2208, ex 2209, 2210, 23, 2401, 4501, 5401, 5701.

(https://www.gov.uk/guidance/state-aid-for-agriculture-and-fisheries#what-constitutes-an-agricultural-product gives more information on State Aid for agriculture and fisheries.)

28. Can a consultancy firm outside of the UK supply the support for a grant project if successful?

Yes, provided they have been procured in line with the guidance, either with three quotes or an open process if the value of the procurement is above £25,000.

29. Should my business receive government support due to COVID-19 in the form of a grant or support for furloughed staff does this count towards my De Minimis State Aid limit?

We do not believe so. COVID related state aid is delivered through the *Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak* (2020/C 91 I/01) which is separate to and does not cumulate with De Minimis. Therefore, we do not believe this support would count towards your De Minimis limit.

If it would count, you would be informed that you were going to receive a De Minimis aid at the point you are awarded it.

30. Do we need to follow the ERDF branding and publicity requirements, i.e. use the ERDF logo on our website?

Yes. Grant recipients are required to adhere to the ERDF branding and publicity requirements and this requirement forms part of the conditions of the grant. However, this should not be taken to mean that, for example, marketing materials for your new product should all include the ERDF logo.

31. What is De Minimis aid and how do I calculate it?

De Minimis aid is a State Aid allowance that enables you to receive up to 200,000 euros over a three financial year rolling period. To calculate the De Minimis declaration and confirm that you are eligible to receive further aid you should add up the euro values of all the De Minimis aid you been awarded in the last three financial

years and the value of the aid you may receive from us. If this totals more than 200,000 euros then you have exhausted your De Minimis limit and cannot receive any further De Minimis aid until the earliest aid drops out of the calculation (i.e. until your next financial year).

You do not need to include the value of aid that you have been awarded but that you are not going to receive (e.g. if you were awarded a grant of £25,000 under De Minimis but in the event only claimed £20,000 and your grant project is closed, then you should use the £25,000 figure up to the point of project closure and the £20,000 thereafter. That is because the value of aid awarded is only superseded by the value of aid received when your support under a specific grant of aid comes to an end).

The value of the aid in euros is based on the exchange rate in force on the date the aid was awarded.

If you have received De Minimis aid then you will have received a notification confirming the date the aid was awarded and the value of the aid for De Minimis purposes, in both euros and sterling. Once you have received the aid, you will receive a confirmation of the value of the aid that you have received.

We have added a State Aid section with further guidance and FAQs to our OxLEP Business website here.

32. The UK has left the European Union and the Transition Period has now ended, do we still need to follow the same rules?

Yes, ERDF projects are still required to follow the European Structural and Investment fund rules.

33. Are there any eligibility restrictions for defence, security and policing?

We are unable to support the police service or the army. However, if you are a private company providing products or services to these sectors, you are eligible to apply.

34. The application form asks about the potential impact of the innovation project on the economy. Does that mean the local or national economy?

Both, the panel will be particularly interested in the impact on Oxfordshire, however, will take both into account in their score. You should consider the impact your project will have in the broader sense to individual customers, the community, the environment, as well as to the financial economy. You should explain how the impacts you hope to realise are achievable.

35. Are costs for applying for trademarking / patent costs eligible?

If there is a legal / statutory requirement to pay a certain cost (e.g. patent fee / trademark fee / ISO accreditation) then this is not an eligible cost. Funds for

accessing expert advice for support with applying for trademarks / patents are however eligible and in scope.

36. Are CE certification costs for a new product eligible?

CE certification costs may potentially be eligible, depending on which stage you are looking at in the process. CE certification is a legal requirement for you to be able to supply, rather than necessarily part of the innovation process. Professional advice about having a CE strategy or how to make your product CE marketable may be considered in scope, whereas paying for the final audit, is unlikely to be approved. The proportion of CE costs in your total costs will also be considered. Please contact the ISfB team for clarification if you would like to include CE certification costs in your grant.

37. Can you clarify what is meant by 'services of general economic interest' with some examples?

Generally-speaking, this is shorthand for public sector, and things that local / national governments should be doing e.g. generalised school age education or the NHS. This does not mean an innovation company providing services or selling into these sectors is not eligible. It means that an organisation providing a public service, e.g. a doctors' surgery, is unlikely to be eligible to apply. Please contact the ISfB team if you have queries over whether your business is eligible, and we can look at the specifics of your business and confirm.

38. Can I apply for environmental testing costs? (e.g. temperature, humidity)

Yes, you will need to qualify in your application why you need to perform these tests and why these costs are necessary (but not a legal or statutory requirement) for you to bring your product/service to market (e.g. proving the validity of your new technology).

39. What if my application forms part of a wider project or plan?

Yes, as long as you make clear in your application the beginning, end, and the part of your wider project (including costs) that the Go-Create grant will support, to put your grant project in context. This could be elaborated in your business plan or as part of your application. We would need to understand the concept, timescales and costs which you are asking us to support.

40. Are new jobs supported through the government's Kickstart scheme eligible as new jobs in eScalate/ISfB Go-Create?

If you have created a job as a result of the ISfB support you have received then this job will be eligible as an output of your grant, regardless of how the job is funded, e.g., if you choose to fund the job through the Kickstart scheme. As long as you can demonstrate the job has having arisen from ISfB support and are sign the declaration confirming this fact, this will be eligible.

41. If an innovative new product could potentially develop a spin-off business is this an advantage?

It is not necessarily an advantage, it is part of your commercialisation strategy. If the best way to exploit the innovation is through a separate entity, then you should explain this as part of the plan.

42. What types of outputs are you looking to see as the outputs of your Go-Create grants?

The end result of a project can be multiple things. If you can clearly define your start and finish points, clearly show how the grant will help move the project between the two and can demonstrate this is a relevant and valid part of your development journey, this would be an acceptable approach to an application. A project can be innovation without necessarily generating any registerable intellectual capital or property.

43. Is it an advantage if there are other similar products available to the product you aim to develop in order that you can use these as a comparison, or should there be no other similar products available anywhere?

Any new product / service is unlikely to be completely unique. Competitor products can help illustrate a product is proving the way, or that there is a market for something. If competitor products exist, talk about them, and where you sit in relation to these, and what about your product / service makes it different and interesting. As long as you can show us how you stand a reasonable chance of bringing your product / service to market in the face of competitors, the fact that competitors exist is fine.

44. What information do we need to provide for assets?

You will need to provide a range of information for all assets over £1,000 as set out in the ISfB Go-Create Guidance Notes, p16. You will also need to provide a photo of where the asset is located and to let us know where this is. The critical point is that the location / context is visible in the photo and agrees with the details of the location you have said, this demonstrates to our auditors that the asset is being used for the purpose for which it was purchased. For more guidance, please contact the ISfB team.

45. Can software development projects be funded under Go-Create?

Yes

46. How do we know whether we pass the Undertakings in Difficulty test?

The test is described within the webinar slides. Please contact the team before applying if you are unsure and we can have a look at your individual circumstances with you.

47. If our application fails on first submission, is it possible to resubmit the following month?

Yes, it is, we will give you with feedback on your first application, and you are welcome to resubmit to any round. We may also be able to review and provide feedback on a draft application pre-submission as an initial application check subject to team capacity and if you would like us to do, we would encourage you to contact us as far in advance of the deadline as possible, particularly if the start of your project is time sensitive. It is worth sending an email with an outline of your initial idea before you start work on the full application.

48. For procurements below £25,000 do I have to take the cheapest quote? Are there circumstances where 3 quotes may not be required?

No, you do not have to select the cheapest quote. You are required to have three quotes and then to justify your choice. Price however is not the determining factor. You might, for example, receive a better-quality service or elements of added value in the higher priced response. The decision on your preferred supplier is more considered that price alone. If you believe there is only one possible supplier who can provide the service that you need, a single quote may be acceptable. Please check with the ISfB Team if you feel this applies to you.

49. Can the grant be used to support the creation of a manufacturing prototype and the first manufacturing step of the new product?

Yes, we can support a pre-production prototype. Most of our projects are about Proof of Concept or initial prototypes or bench testing, etc., however a project about pre-production prototype, first stage manufacture in advance of being able to fully scale up and exploit a product would be eligible.