



**ORKNEY**  
ISLANDS COUNCIL



Economic Development Grant Scheme

**Flexible Business  
Development Grant**

# 1 Programme overview

The Flexible Business Development Grant (FBDG) is funded by Orkney Islands Council and focuses on supporting investments in business growth, increasing competitiveness, and the survival of businesses through the provision of a discretionary grant targeted at eligible businesses located in Orkney. The FBDG has been designed as a mechanism to assist businesses to achieve development and growth ambitions by offering support for projects that will help grow the local economy. Businesses capable

of contributing to the sustainable development of rural communities are seen as pivotal to achieving local regeneration.

The FBDG is delivered by Orkney Island Council's Business Gateway and Economic Development team.

**The purpose of the grant is to support economic development in Orkney** by helping businesses to grow and create new employment opportunities and to develop new markets outwith Orkney.

## Key points:

- The FBDG offers a grant contribution of up to a maximum of 50% of eligible project costs.
- The maximum FBDG grant available is £5,000.
- The FBDG provides only the minimum grant necessary to make the project happen, such need must be clearly demonstrated in the application.
- All FBDG grants are offered under the terms of the EU's *de minimis* aid regulation. Further information on this is provided during the application process.
- Only costs incurred following receipt of an offer letter may be eligible for grant support.
- Applicants will, typically, be seeking to achieve a demonstrable improvement in business performance by investing in projects that involve capital expenditure, marketing costs, or other significant project costs deemed by the Council to be eligible.

## 2 Company eligibility

The business must be located within Orkney and employ less than 250 people – ie Small, Medium Enterprises (SMEs).

All applicants for FBDG funding must be able to demonstrate a business development project with measurable anticipated outcomes.

Franchise businesses are eligible to apply for the FBDG. They must be ethical franchises and accredited by the British Franchise Association (BFA). A current list of accredited businesses is available on the BFA website [www.thebfa.org](http://www.thebfa.org).

The business owner must reside in Orkney and own and operate the business themselves. Where there is more than one owner of a business, e.g. a partnership, only one individual can apply but details of all individuals

involved in the business must be provided. If the business is a limited company then details of all directors must be provided.

UK residents and those 'granted leave to stay' in the UK are eligible to apply for support. Evidence may be required, e.g. a passport or a letter from the Home Office granting leave to stay.

### **Applications from SMEs in the following sectors are strongly encouraged**

- Tourism
- Food and drink
- Low carbon and renewable energy technology
- Manufacturing
- Creative industries
- Community based social enterprise companies



**Businesses that only serve the local Orkney market are unlikely to be eligible** – such as retail/retail goods premises, property development, private health care, professional and technical services. However, where no significant displacement of other Orkney businesses can be demonstrated, and where the business will benefit either the local economy or tourism then applications may be eligible on a discretionary basis. In the first instance, please contact Business Gateway to discuss whether your business proposals may be eligible.

### **Ineligible businesses**

Businesses which are account-managed by Highlands and Islands Enterprise, or in receipt of grant from another source of public funds, e.g. the EU or Scottish Government, may not be eligible to apply for FBDG funding

– this can be clarified with Business Gateway on an individual case-by-case basis. Certain business types are also not eligible, such as those involved in:-

- the sex industry
- politics
- religion
- nude or semi nude modeling or photography
- pyramid selling
- or any business that may bring Orkney Islands Council into disrepute

In normal circumstances, applicants who have previously received FBDG funding will not be able to re-apply for a different development project within 12 months of the previous application date, although the Council reserves the right to exercise its discretion in this regard.



### 3 Project eligibility

The applicant must show a demonstrable need for grant assistance for a project that will materially develop the business in terms of job creation, increasing turnover, and/or access to new markets outwith Orkney. It must also be shown that there will be no negative effect on other Orkney businesses as a result of the assistance, e.g. a direct displacement of jobs. The determination of eligibility in respect of any grant application shall be within the absolute discretion of Orkney Islands Council.

The **FBDG grant** can be used to fund:

- capital expenditure, e.g. equipment or minor building improvements;
- marketing costs, eg trade exhibition costs, website design/development

- training costs; and
- a contribution towards other significant costs deemed to be acceptable by the Council.

The **FBDG grant** cannot be used for the following costs:

- patenting and intellectual property protection;
- property redecoration alone;
- legal or statutory costs;
- working capital;
- wage subsidy;
- debt repayment;
- stocks and consumables;
- general running costs of the business; or
- ineligible project costs – projects which are considered to be repair and maintenance, or a direct replacement of existing assets, will not be considered eligible for grant assistance.

### 4 Grant levels

The FBDG can provide between £750 to £5,000 towards total costs at a maximum 50% contribution, e.g. a £1,000 grant towards eligible costs of £2,000. Only the minimum grant required to make the project happen will be offered.

Businesses are required to pay the full cost(s) associated with the project prior to requesting any grant funding to be released, and should consider the cash flow implications of this before applying. VAT registered businesses should not include the VAT element of any project costs in their application.

## 5 Initial project engagement

Any potential applicant for FBDG support should initially contact Business Gateway Orkney in Kirkwall on 01856 898595 or email [business.gateway@orkney.gov.uk](mailto:business.gateway@orkney.gov.uk).

All applicants must register with Business Gateway, discuss their eligibility and receive guidance on preparing an application before submitting their application.

Applicants will be assigned a Business Gateway Adviser after registration. The Business Adviser will provide assistance to the applicant to develop the project and ensure that all the required information is submitted.

## 6 Application procedure

The applicant (with support from their Business Gateway Adviser) should complete the FBDG grant application form which comprises:-

- A fully completed and signed application form;
- A business development plan, including two years' financial projections that includes an outline of the project costs; and
- Historical financial information, if available

The application will be submitted to an Economic Development Officer to ensure it meets the approval criteria. The Officer will conduct other appropriate checks as necessary which will include confirming the applicant has no outstanding Council arrears and may include confirming other funding awarded.

Eligible applications will be assessed by an Economic Development Officer before they are passed to the Economic Development Manager for a final decision.

Applicants will be informed of the outcome of their application within 15 working days of the final application being submitted and, if successful, will have 10 working days to accept the grant offer along with any conditions in writing.

## 7 Payment procedures

Payment of grants is made retrospectively on production of completed grant claim form(s), supported with evidence of payment in the form of bank or credit card statements showing the expenditure **AND original** receipted invoices or purchase receipts. **Applicants need to ensure they have financial arrangements in place to manage the cash flow requirements of retrospective grant payments.** Original documents will be stamped and returned to the applicant.

Claims should be submitted within 6 months of acceptance of the grant conditions. In exceptional circumstances later claims and/or staged payments may be considered. These should be agreed with the Economic Development Officer in advance through the submission of a schedule, detailing projected expenditure and claim submission dates.

The grant can only be paid out in respect of costs specified in the approved application, unless otherwise agreed by the Council in writing. Payment will be made by BACS transfer into the business's designated bank account. All applicants must be aware that payment of the grant will be withheld if:

- any guideline is not complied with (unless a written dispensation is obtained);
- any information is provided which is knowingly misleading or incorrect; and/or
- any information required is not fully provided with copies of the appropriate source documentation.

Orkney Islands Council reserves the right to recover the grant if: any of the grant conditions are broken; a business ceases to trade; or a business relocates outwith Orkney within two years of receiving the grant.

## 8 Project outputs and results

It is important that Orkney Islands Council monitors and evaluates the efficiency, effectiveness and impact of its economic development grants. To assist in this process, on completion of projects, businesses may be required to share information with OIC Economic Development Officers on the output and results of the supported project specific to their company. This will include sharing financial information, other outcomes relevant to the development project and, if appropriate, the numbers of staff employed. This information will be gathered and analysed on an ongoing basis to allow full evaluation of the FBDG scheme.

## 9 Other conditions

Equipment purchased with grant support may not be sold or disposed of within two years of receipt of grant, unless a replacement item is being purchased. In any event the Council's written permission should be sought in advance.

Business Gateway, on behalf of Orkney Islands Council, reserves the right to use details of any project in receipt of grant funding for publicity purposes and to share information with parties appointed to monitor and evaluate the effectiveness of the funding. The names of all businesses and or individuals receiving support, and the value of the support, will be reported to Elected Members of Orkney Islands Council.

Orkney Islands Council may be required to make an application or project proposal for Council funding available for public scrutiny under the Freedom of Information (Scotland) Act 2002. Applicants should make the Council aware of any parts of their application or proposal which may prejudice its interest if it were made public.

*Additional conditions may be imposed on any applicant as may be considered appropriate by the Council on a case-by-case basis. All applicants must be 18 years of age or over.*



For further information please visit [www.orkney.gov.uk](http://www.orkney.gov.uk)

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