



ORKNEY
ISLANDS COUNCIL



Economic Development Grant Scheme

**New Business
Start Up Grant**

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1) Programme overview

The New Business Start Up Grant is funded by Orkney Islands Council. The grant aims to drive up the competitiveness, growth and survival rates of infant businesses.






The discretionary grant will be delivered by Orkney Island Council's Business Gateway team, and is open to applications from new small businesses located in Orkney.

Priorities for the grant will be projects that:

- a) Create employment opportunities within the area
- b) Support communities in fragile rural areas
- c) Contribute significantly to the local economy

The Programme has been designed as a sustainable business development mechanism to assist start-up projects that will help grow the rural economy. It is recognised that small businesses make an important contribution to Orkney's economy and society.

Key points:

-  The grant will never act as the sole funder for projects.
-  The grant funding level will be a maximum of £1,500 for new start businesses.
-  The minimum grant funding level will be £500.
-  Any intervention from this fund represents minimal financial assistance (further details available on request).
-  Applicants must be developing a new start-up business and seeking to establish a full-time, sustainable enterprise. Conditions of funding are set out at Section 3.

2) Company eligibility

The business must be located in Orkney and be employing less than 50 people in total.

Franchise businesses are also eligible to apply for the start-up grant. 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.

Those wishing to start a business (self employed) solely to work full time for another business are not eligible.

The business owner must reside in Orkney and own and operate the business themselves. Where there is more than one owner of a business, for instance in a partnership or

Target sectors

Tourism
Food and drink
Renewable energy
Lifeline local service providers
Community based social enterprise companies

limited company, only one individual can apply but details of all individuals involved in the business 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.



Ineligible businesses

Businesses receiving grant funding from other sources may not be eligible to apply and should discuss in advance with their adviser. Certain business types are not eligible for grant funding. These include those involved in:

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

Businesses are **ineligible** for the start-up grant funding if they have been trading for more than 6 months, or where the business is an acquisition of an existing business, a management buy-out, or buy-in.

In normal circumstances applicants who have previously received start-up funding through this scheme are not eligible to re-apply for a different venture. Any exception to this rule is at the discretion of the Business Gateway Manager and Economic Development Manager.

3) Project eligibility

The determination of eligibility in respect of any NBSU grant application shall lie within the absolute discretion of Orkney Islands Council.

The applicant must show a demonstrable need for the grant assistance and show that there will be no negative effect on other Orkney businesses as a result of the assistance.

The start-up grant can be used:

- to buy capital equipment;
- towards marketing costs;
- towards training costs
- as a contribution towards the combined start up costs.

The start-up grant cannot be used for the following costs:

- patenting;
- intellectual property;
- property redecoration alone;
- legal or statutory fees/charges;
- working capital;
- wage subsidy ;
- debt repayment;
- stock and consumables;
- general running costs of the business.

4) Grant levels

The grant funding for new businesses can provide between £500 and £1,500 towards total costs.

Applicants will have to provide full details of the total cost of the project, including any other funding and financial assistance secured (or applied for).

Businesses must not incur expenditure on any of the grant aided costs prior to grant approval and need to ensure they have financial arrangements in place to manage the cash flow implications of retrospective payment of grant, unless otherwise confirmed in writing at the time of grant award (see Section 7 for further detail).

For VAT registered companies the VAT element of any costs are not eligible for support through this programme.



5) Initial project engagement

Any potential applicant for grant support should initially contact Business Gateway in Kirkwall on 01856 898595 or email business.gateway@orkney.gov.uk.

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

Applicants will be assigned a Business Gateway Business 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. The services of the adviser will be provided at zero cost to the applicant but will be restricted to advice relating directly to the project.

6) Application procedure

The applicant (with support from their Business Adviser) should complete the New Business Start-up Grant application form and **submit a business plan and a two year cash flow forecast** with their application form.

Once the Business Adviser has reviewed the application and added their recommendations it will be submitted to the Business Gateway Manager to ensure it meets the approval criteria. The Business Gateway Manager will:

- check the applicant has no outstanding Council arrears;
- seek confirmation of other funding, if appropriate.

Eligible applications will be assessed by the Business Gateway Manager before they are passed to the Economic Development Manager for final approval.

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

7) Payment procedure

Payment of grant is made retrospectively upon production of completed grant claim form(s), supported by evidence of payment in the form of bank or credit card statements **AND** original receipted invoices or purchase receipts.

Applicants need to ensure they have financial arrangements in place to manage the cash flow implications of retrospective payment of grant. Original documents will be stamped, copied and returned to the applicant.

Claims should be submitted within 12 weeks of acceptance of the grant conditions. In exceptional circumstances, staged payments can be made, however the first claim must be for a minimum of £500. These should be agreed with the Business Gateway Manager in advance through the submission of a schedule, detailing projected expenditure and claim submission dates.

Only costs specified in the approved application can be claimed. If total costs are lower than the approved grant then the lower figure will apply. Payment will be made by BACS transfer into the applicant's business bank account. Please be aware that there will be a time lapse between claim submission and payment received (of up to two weeks), due to Council submission and payment deadlines – more information can be provided on request.

All applicants must comply in full with the requirements of the grant funding. 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 misleading or incorrect;
- 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 or a business ceases to trade (for reasons other than business failure) within twelve months of receiving the grant.

8) Project outputs and results

It is important that Orkney Islands Council monitor and evaluate the efficiency, effectiveness and impact of the grant programme. To assist in this process, on completion of projects, the businesses in receipt of grant support will be required to share information with Business Gateway on the outputs of the supported project. This will include sharing financial information.

This information will be gathered and analysed on an ongoing basis.

9) Other conditions

Business Gateway, on behalf of Orkney Islands Council reserves the right to use details, excluding personal information, 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.

Equipment purchased and awarded grant funding may not be sold or disposed of within 12 months of receiving the grant, unless a replacement item or upgrade is being purchased. Written dispensation should be requested in advance.

Applicants' records may be subject to inspection at any time. Additional conditions may be imposed on any applicant as may be considered appropriate by the funders of the scheme.

All applicants must be 18 years of age or over. The business must remain based in the Orkney Islands Council area for at least twelve months.

10) Additional supporting information

A complete application to the New Business Start-up Grant comprises:

- A fully completed, signed application form, accompanied by quotes
- A business plan
- Two year cash flow forecast
- A Business Gateway Business Adviser's recommendation

For further information please visit www.orkney.gov.uk

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