



Fact Sheet

Grants to help develop your E-Business

July 2007

Investing in your E-Business can place a strain on company finances.

Although there can be difficulties in obtaining grant funding, if you are in the right geographical area or in certain industrial /service sectors, grants can sometimes be found to assist your E-business project.

Our E-Business Advisers discuss how you can access them:

1. The background to grants

The first point to mention is that grants are not a right - they are designed to achieve aims held by the grant awarding bodies, e.g. economic regeneration.

Grants are available from a wide variety of sources, such as the European Union (EU), some Local Authorities, some charitable organisations and other local, regional or national initiatives.

Many EU grants in particular are linked into specific geographical areas which are in need of economic regeneration.

Other types of grant are tied into different industry / service sectors, to encourage development, and yet others are national in scope.

Some require firms to be below a minimum level of turnover or numbers of staff, and yet others require firms to be above a certain number of employees.

As there are so many grant schemes, with different eligibility criteria, even experts find it difficult to keep track - schemes often run for a brief period of time then disappear, sometimes coming back - and sometimes not!

Grants can cover a broad range of areas, and the basic guidelines in this Fact Sheet apply to grants in many areas of business development projects, but in the E-Business context grants tend to cover:

- Research, Development and Innovation
- Training
- Access to Knowledge
- Business Investment
- Development of Best Practice in business

2. What do I need to be aware of?

There are several main points that you need to be aware of:

- The project cannot already be underway - this will immediately disqualify your application.
- Apply as soon as you can after the grant scheme starts - many grants are quickly fully subscribed to.
- Smaller grant schemes are relatively easy to access, and decisions are normally made within a month or so. Some of the larger national schemes will take longer, sometimes up to 6 months or a year, so you need to build this timescale into your business planning.
- The project is normally required to show how it helps the grant awarding body meet its objectives - for example, by upskilling people



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in a certain area, or developing a new business process such as an e-commerce web site.

- You'll also probably have to show that the project you have in mind is unlikely to be able to have its full impact without the grant funding requested - or even not be able to go ahead at all.
- You will need to be able to demonstrate that the grant will be used on a specific developmental project - ordinary company activities cannot be funded via grants.
- Under EU rules, a business cannot have more than 200,000 EURO (about £133,000) from any publicly funded source in any three year, rolling period - this is known as the "de minimus" rule. It is designed to avoid unfair subsidies for businesses, and hence encourage competition within the EU.
- There are nearly always restrictions in terms of what you can apply for - e.g. many grant schemes won't fund capital expenditure (e.g. new hardware), some will, others won't fund training - whereas some are expressly created to allow for assistance with training costs!
- It is very unlikely that you will receive 100% funding for whatever project you have in mind. The typical percentage funded is around 30 - 50% of the project costs. You will hence need to demonstrate that you are putting in some of your own money, and hence "owning" some of the risk attached to the project.
- You will probably also need to show clearly how the project fits into your overall business strategy.
- It is also normal for grants to be paid retrospectively - i.e. you pay your supplier, and

then reclaim the agreed percentage back from the grant awarding body, after providing them with the agreed documentation they require. This delay can clearly have an impact on cash flows within your business.

- Some, normally larger, grants may be paid on an agreed phased schedule.

2. It sounds too complicated - why bother?

Although the requirements, when written down, do look complicated, grant awarding bodies are normally very helpful in guiding you through the processes they need you to follow.

Don't forget, they need to achieve their aims and required outputs too, and the only way they can do so is with your assistance.

You are their route to the results they need to achieve. It is really a situation of mutual assistance.

You can utilise grants to take your business further in terms of its development than you could afford to without such assistance - and the business benefits in growing your business can hence be great.

If you are seeking specific, very large national grants, it can sometimes be worthwhile paying for professional assistance with this from consultants or accountants who have this knowledge.

You may wish to negotiate with them so that a fee is only payable should the application be successful. Your local Business Link would be able to assist you in sourcing these specialists.

Whichever route you choose, you need to be aware that an application is likely to involve some of your time in applying and gathering the



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required data - and you need to be able to assess the costs versus the anticipated benefits of this commitment.

3. How do I identify possible grants?

As there are many possible sources for grants, there are several sources of information that are invaluable in the search.

Your local Business Link is one of them - web site details for the East Midlands one are in the "Useful Links" section of this Fact Sheet, as well as the web site of the national site if your firm is based elsewhere. They have access to information on EU and other funding streams you may be eligible for.

Other valuable sources of grant funding information are:

- Your bank
- Your accountant
- Your Local Authority
- Your Trade Association
- Your Chamber of Commerce
- Your local Federation of Small Businesses
- The Regional Development Agency - in the East Midlands, this is *emda*, web site address in "Useful Links" below.
- The East Midlands New Technology Initiative - who have a range of funding available in certain industry sectors - web site address in "Useful Links"

- Various grant web sites - many have free searching facilities, again listed in the "Useful Links".

4. Useful Links

Each of the Business Link web sites listed below has sections relating to grant funding

www.businesslink.gov.uk/eastmidlands - East Midlands Business Link web site

www.businesslink.gov.uk - National Business Link web site

www.fsb.org.uk - Federation of Small Businesses web site

www.emda.org.uk - East Midlands Development Agency web site

www.eastmidlandsnti.co.uk - East Midlands New Technology Initiative web site

Grant web sites:

www.j4bgrants.co.uk - grant information updated daily

www.grantnet.com - free to use grant searcher - links you back into organisations that can help you apply for any grants found