

# Guidance For Applicants **Rail Supply Growth Fund**

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# CONTENTS

- 1. Background information..... 2
- 2. Application Process..... 9
- 3. Funding..... 12
- 4. Assessment ..... 14
- 5. Notification and Post Notification Process ..... 17
- 6. Further Information..... 20
- 7. Completion of the Expression of Interest & Application Form.....22

# Background Information

# 1. Background Information

## 1.1 Background to the Rail Supply Growth Fund

### Introduction

Over the past two decades, the UK's railway has continued its strong growth and delivered significant benefits to the UK economy. The number of passenger journeys across the mainline, underground and light rail network has more than doubled over the past 20 years to around 3.2 billion a year, while the volume of freight moved by rail has increased by 70%. It is anticipated that this growth trend will continue with a doubling of passenger journeys in the next 30 years. In delivering this, the UK railway increases the productive potential of the economy by £11.3 billion, reduces CO2 emissions and is the safest railway network in Europe.

Efficient and effective rail transportation for both passengers and freight is an essential requirement for a productive world leading economy in the twenty first century. Modern rail systems whether high speed, conventional, freight, metro or light rail are essential to unlock economic growth and new jobs, as well as connecting communities and enabling them to develop and grow. Our towns and cities require more trains with greater capacity, reliability and efficiency to support and enable economic growth along with the wider benefits social and environment benefits that modern rail systems bring.

This value to the UK economy is reflected in the delivery of the largest railway investment programme for decades with new investment expanding and modernising the rail network and building a world class railway system of the future for the UK.

The next 10 years will see the UK rail industry radically transformed with an investment boom. Total investment across the total UK network will be the biggest for over a century with a total commitment of £88 billion in the domestic rail infrastructure pipeline. This level of investment is expected to provide significant commercial opportunities for many companies based across the UK.

The global rail environment is also rapidly growing with the total potential world rail market forecast to be worth £128 billion per year from 2017. This presents a substantial opportunity for UK based firms to access new and existing overseas markets by exporting more goods and services.

Delivering this world class railway requires a growing and productive UK rail supply sector which is the central theme of a new strategy entitled 'Fast Track to the Future' launched by the Rail Supply Group (RSG) in February 2016 (see <http://www.railsupplygroup.org/sector-strategy/> for further details). The RSG was established in 2014 to strengthen the capability and competitiveness of the rail supply sector. This covers the engineering and manufacturing side of the industry rather than operating the actual railway networks.

This RSG sector strategy sets out its long term commitment to increase the manufacturing and innovative capability to enhance productivity, skills and employment across the rail supply sector which will also help to support the UK's economic growth. The strategy is focused on four critical areas that the rail supply sector must address strategically:

- Creating the market conditions for growth
- Accelerating the uptake of innovation
- Investing in people and skills
- More than doubling exports and increasing inward investment

A strong rail supply sector that is innovative and responsive is seen by the RSG as critical to the government's plans to providing a railway of the future for the UK.

Strong supply chains which are globally competitive and productive underpin the competitiveness of many of our important high value manufacturing sectors as well as our expanding service sectors helping to create jobs across the country. Economic, technological and business trends are leading global manufacturers to look at continuing to invest in the UK so as to be best placed to capture new market opportunities.

Within the critical area of 'Creating the right market conditions for growth' the RSG strategy states the following:

"It is essential that firms of all sizes have access to affordable finance in order to remain competitive - British firms are too often unable to obtain competitive finance, resulting in lost orders and missed opportunities for growth".

"As shown by the experience of other industrial strategies, increased engagement and knowledge sharing with the financial sector can increase the availability and competition in financial products available to firms, reducing the cost of lending and supporting investment".

Finance Birmingham is pleased to be able to respond to this challenge of helping to provide 'access to affordable finance' in support of the RSG strategy, by also launching in February 2016 a dynamic and dedicated funding product – the Rail Supply Growth Fund. This will enable firms to have access to affordable finance helping them to grasp opportunities for growth by enabling businesses to significantly increase their productivity, capability and competitiveness being better able to tackle the demands of the future that would otherwise not be achievable.

The Rail Supply Growth Fund is an innovative and flexible loan fund which has been developed by Finance Birmingham in conjunction with the Department for Business, Energy & Industrial Strategy (BEIS). The Fund of £20m is an initial level of funding which aims to help remove barriers to entry and accelerate routes to market for businesses helping them to maximise commercial opportunities resulting from the modernisation of the rail network including HS2. Substantial additional private sector funding has potentially been identified that would support a much larger Fund in the future as a follow on from this initial £20m Fund.

The Fund is fully aligned to and supportive of the needs of the RSG strategy. It will provide access to finance to help increase the scale of the rail supply sector and improve its competitiveness and capability with the expectation that this will lead to increased levels of employment and investment. It is aimed at businesses that are either currently operating in the rail supply sector or those who are seeking to promote crossover products and services into the growing rail supply sector and enhance their participation within the rail supply sector. It is also seeking to encourage inward investment and the re-shoring of overseas businesses. The Fund is therefore expected to contribute significantly towards strengthening the provision of future manufacturing and services within the rail industry environment.

The UK rail industry employs over 200,000 people, of these approximately 120,000 work in the rail supply sector which is diverse in nature and ranges from global companies such as Alstom, Siemens and Bombardier with bases in the UK, to small, specialist companies. Finance Birmingham has already been in discussion with a number of key manufacturing suppliers to discuss this Fund and to promote it through their own supply chains as well as through those of its key suppliers.

This Fund builds on the success of the Advanced Manufacturing Supply Chain Initiative delivered by Finance Birmingham as the delivery partner of Birmingham City Council (the accountable body for the Fund). This initiative to date has successfully funded a total of £285m to some 74 supply chain projects made up of over 700 beneficiary applicants and will create and safeguard in excess of 12,000 jobs. Finance Birmingham therefore has the skills, experience, expertise and a well tested structure in place which will be utilised for the delivery of this Fund.

The Rail Supply Growth Fund is available to businesses nationally (England) with loans available from £0.5m to £2m. It does have the ability to provide a financial contribution of up to 10% of the application value to assist with the introduction of innovative crossover products and services and to enhance business participation within the rail supply sector.

Investments made by the Fund will require a level of private sector funding to be contributed by the applicant Company, this will be dependent on the nature of their proposed project and level of funding being requested from this Fund. The Fund can contribute towards requirements for all or any combination of the following:

- Further working capital
- New capital expenditure
- Product launch

Finance Birmingham has extensive experience of engaging with businesses to help them facilitate funding requirements and will, as part of delivering this Fund, provide a helpline and support to help applicant Companies throughout this application process.

Applications for funding can be submitted by a single applicant Company or by a group of named companies and organisations thereby forming a 'consortium application'. These applications will appoint a lead applicant Company, who on behalf of all of the members of a consortium, will complete and submit the application form and all required supporting documentation.

## **1.2 Role of Delivery Partners**

The Department for Business, Energy & Industrial Strategy is the policy owner for the Rail Supply Growth Fund working in collaboration with Birmingham City Council and its delivery partner Finance Birmingham.

Birmingham City Council, the largest local authority in Europe, will act as the accountable body for the Fund responsible for the overall management of the Fund. It will draw on help to deliver the Fund from a variety of sources, in particular Finance Birmingham as its appointed agent for the delivery of Fund, as well as an Independent Investment Board which will make the final decision on approving funding for successful applicants.

Finance Birmingham will assist prospective applicants and applicant Companies through the application process undertaking the assessment process. It will also provide the account management of successful applications through due diligence, funding claims, loan draw downs and performance monitoring taking responsibility for the delivery of the Fund as well as supporting the Independent Investment Board.

### 1.3 Operation of the Rail Supply Growth Fund - Scope

Successful recipients of funding from the Fund will be those applicant Companies that can satisfactorily show that their proposed project meets the following requirements:

- Is commercially and technically viable.
- Is deliverable to the market.
- Can generate benefits, outcomes and outputs including the creation of new jobs and or the safeguarding of existing jobs (this means the number of existing jobs that would have been made redundant by the applicant Company without provision of funding from this Fund within 12 months from the date the applicant first receives the funds).
- That its need for funding cannot be wholly met from other suitable funding sources.
- Can service and repay the loan.

#### Scope requirements

Potential applications requesting funding from this Fund must satisfy the following scope criteria:

- The Rail Supply Growth Fund is industry lead and will only consider requests for funding directly from applicant Companies and not from organisations, who would seek to act on behalf of named or unnamed applicants.
- The applicant Company must either be a single Company or a lead Company acting on behalf of all applicant Companies and organisations of a consortium application.
- The application must NOT be a programme based application i.e. the funding sought can only be requested by a lead applicant Company on behalf of a named group of consortium members – a consortium application. If a consortium application is submitted, a clear rationale must be presented for the inclusion of all the named applicant Companies and organisations of a consortium application. The activities to be delivered by the consortium members must be detailed in the application form along with the respective financial, risks and contractual relationships.
- The applicant Company must be or will be located in England with the proposed project activity and proposed direct economic benefits resulting from the project wholly delivered in England.
- The funding requested from this Fund must be of a minimum application value of £0.5m and no greater than a maximum application value of £2m. The applicant Company's contribution against the funding sought is ideally in the region of a minimum of 1:1 but this will be dependent on the specific circumstances and nature of the proposed project and the applicant Company.
- The application must be seeking finance from the Fund to expand current products and / or services provided to the rail supply sector or be capable of

introducing crossover products and services into the rail supply sector.

- The application must be seeking loan funding, only proposed projects that clearly show that they are introducing innovative crossover products and services to enhance business participation within the rail supply sector can request grant funding of up to 10% of the application value.
- The application must be able to demonstrate how the funding sought for the proposed project will enable the applicant Company to be able to compete more effectively and or increase its productivity and or capacity and or improve its competitiveness.
- The application must demonstrate commitment from a customer, ideally a Prime or tier 1 company within the rail supply sector. A formal contractual relationship to buy products and / or services between the applicant and a buyer is ideal, however, strong evidence of commitment to buy is acceptable as are strong letters of support.
- The application must be capable of drawing down all approved loan funds within 12 months and grant funding within 18 months of receiving the confirmation letter of funding support from the Fund.
- Applications for finance will need to demonstrate that the activity being funded could not be achieved at the same scale in the absence of funding support being requested from this Fund and or would not be achieved in the same proposed time scale.

The loan funding provided through this Fund will require the following parameters to be applied:

- Suitable security may be required e.g. a debenture ranking behind existing debenture holders.
- The cost of borrowing (interest rate) will be at an appropriate interest rate based upon the particular circumstances of the applicant and the nature of the proposed project subject to discussions with the applicant Company.
- An arrangement fee of up to 2% of the loan amount will be payable by the applicant to meet the administration and documentation production costs.
- An annual monitoring fee of up to 1% will also be required to meet the annual review processes, as documented in the loan draw down monitoring documentation.

The repayment term of the loan will reflect the financial return period of the applicant's proposed project which for the introduction of crossover products and services would need to be made by May 2021, being a maximum of 5 years from when the Rail Supply Growth Funding was awarded. The applicant would be expected to specify in their application their proposed repayment period and a repayment mechanism.

In the event of default of the loan repayments Birmingham City Council will seek recovery through due legal processes.

Please note that this **Guidance for Applicants - Rail Supply Growth Fund** is unique to this specific Fund. It is important that all applicant Companies ensure that they have submitted all the correct documentation referred to in these guidance notes as part of their submitted application for funding.

Please do not refer to any other guidance on the Finance Birmingham website which relate to the availability of other funding opportunities.

Rail Supply Growth Fund - Guidance for Applicants gives details of the scope, criteria, process and timelines, application requirements, funding rules and levels and conditions and funding criteria.

# 2

## Application Process

# 2. Application Process

## 2.1 Rail Supply Growth Fund – Helpline and Enquiries

The Rail Supply Growth Fund Helpline is available to assist potential and actual applicant Companies with any questions, and to guide you through the application process. Please use this number if you require any further assistance or information on the Rail Supply Growth Fund. The Helpline number is: **0121 233 4917**

Enquiries regarding the Rail Supply Growth Fund can also be submitted by email to: [enquiry@financebirmingham.com](mailto:enquiry@financebirmingham.com)

## 2.2 Rail Supply Growth Fund - Guidance for Applicants

This is the key document to guide you through the application for finance from the Fund and is available for download from the website:

[www.financebirmingham.com/railsupplygrowthfund](http://www.financebirmingham.com/railsupplygrowthfund)

There are Frequently Asked Questions (FAQs) available for the Fund, they can also be found on this website.

## 2.3 The Expression of Interest (EOI) Form

To begin the application process you need to complete an initial EOI form and send this back to Finance Birmingham. You can download an EOI form either via the Fund website [www.financebirmingham.com/railsupplygrowthfund](http://www.financebirmingham.com/railsupplygrowthfund) or by contacting the Finance Birmingham team on **0121 233 4917**.

The EOI form is 3 pages long and asks for details of the applicant Company seeking funding, outline details of the nature of the proposed project and what it is seeking to achieve, the benefits, outcome and outputs that are expected to be delivered, the level of funding required including the request for funding from this Fund, details of discussions held with a current or any other future funding provider and proposed timescales.

The contents of the EOI form will be reviewed by Finance Birmingham who will undertake a follow up meeting(s) and or telephone based discussions. These will focus on gaining a better understanding of the proposed project and considering any gaps in the information provided. All applicants will be provided with feedback as to whether the EOI meets the Rail Supply Growth Fund's minimum requirements, whether a full application should be submitted and all additional supporting information that needs to be submitted with the application.

If repeat applications are submitted for the same project then the repeat applications will be rejected.

## 2.4 Application Form

The application form has the following structure:

- Application details
- Meeting the scope of the Fund
- Summary of the proposed project
- Section 1 – The project proposal
- Section 2 – The project benefits, outcomes and outputs
- Section 3 – Funding the proposed project
- Section 4 – Project risks
- Section 5 - Managing the proposed project
- Public description of the proposed project
- Freedom of information
- Other funding from public sector bodies
- Finance summary table
- Declaration

All applicants need to complete all parts of the application form up to as well as the declaration section.

You can download a full application form either via the Fund website [www.financebirmingham.com/railsupplygrowthfund](http://www.financebirmingham.com/railsupplygrowthfund) or by contacting the Finance Birmingham team on **0121 233 4917**.

The application will be assessed on the application documentation that is submitted and the outcome of subsequent discussions that take place with Finance Birmingham. It is important that you submit all the documents and information required to help to ensure that your application is able to be quickly and fully assessed.

## 2.5 Timeline of the Application Process

The Rail Supply Growth Fund will operate on a rolling application basis. The assessment process will be aligned to the monthly meetings of the Independent Investment Board with finance being approved for funding on a first come first served basis subject to the availability of funding.

It remains the applicant's responsibility to ensure compliance with the Fund's rules and requirements and in doing so allow sufficient time to complete the application form and complete and submit all requests for information and required documentation.

# Funding

# 3. Funding

## 3.1 Funding Available

Up to £20m of initial funding is being made available for the Rail Supply Growth Fund.

In order to ensure that the Fund is able to work within its budget it is imperative that applicants provide accurate forecasts of expenditure and required funding from all sources of funding for each financial year of their proposed project.

If during the course of the project it becomes apparent that the full allocation of funds will not be required within the specified time period, the applicant should alert Finance Birmingham to this as soon as possible.

## 3.2 State Aid Legislation

We have undertaken a detailed review of the Fund's compliance with State Aid and in our opinion the Fund is fully compliant. Should you need to discuss any State aid issues relating to the proposed project please raise them with Finance Birmingham during the expression of interest stage.

## 3.3 Funding from Other Sources and Potential Impact on State Aid

Applications to this Fund will be considered on their own merits, irrespective of whether or not support is also being sought from other commercial and or publicly funded sources for the same project or elements of it. However, applicants should consider whether this Rail Supply Growth Fund is the most suited to meet their aspirations or whether other funding sources might be more suitable.

Funding can be sought and combined from different sources, but public funded support provided to companies and organisations must remain compliant with State aid legislation and it is the applicant's responsibility to ensure that this is the case. If funding from other public sources is being sought for the proposed project or parts of it, this will be considered as potentially government funding. This information should be disclosed in the table – Other funding from other public bodies and in the Finance summary table, which are all part of the application form.

# 4

## Assessment

# 4. Assessment

Each EOI and application will undergo an assessment process which will include a project appraisal by Finance Birmingham. Their staff are required to deal with all information received from applicants as commercially confidential and to declare any potential conflicts of interest. They are required to treat applications in the strictest of confidence and to meet the requirements of the Data Protection Act. All assessment documentation and reports considered by the Independent Investment Board are confidential and will not be available to anyone other than members of the Independent Investment Board, Finance Birmingham, Birmingham City Council, their contractors and central Government Departments.

## 4.1 The Assessment Process

There will be a two stage assessment process.

Stage one will be the assessment of the submitted EOI by Finance Birmingham who will undertake the following key assessment and review process for each EOI:

- Review against the scope criteria of the Rail Supply Growth Fund as set out in section 1.3 above.
- Review and assess the quality of the application for funding and the level of finance that is being requested from the Fund as part of the total funding requirement.
- Review the technical and commercial composition of the proposed project, discussing with the applicant the proposed project to gain a better understanding of the proposed project, to clarify any questions raised and to identify any gaps in the information provided.
- Review the delivery aspects of the project and its associated timescale.
- Provide feedback to the applicant from the review of the EOI and any discussions held with them with a particular emphasis on the quality of the proposed project, as outlined within the EOI. Highlight any areas of concern that would need to be fully considered in any subsequent submission of an application together with any additional accompanying supporting documentation.

Stage two will be the assessment of the application form by Finance Birmingham who will, building upon the work undertaken in stage 1, undertake the following key assessment and review process for each application form, associated accompanying supporting documentation (such as additional financial information i.e. previous three years annual accounts, risk register, project plan etc.) as well as the outcome of any discussions that have been held with the applicant and relevant interested parties:

- Review scope question as set out in section 1.3 above.
- Review the quality of the proposed project against the questions contained within the application form and associated accompanying supporting documentation.
- Review and assess the quality of the proposed project for funding and the level of funding that is being requested from the Fund as part of the total funding requirement.

Normally, a site visit will be undertaken by Finance Birmingham staff to meet with relevant project staff and to follow up on the assessment points mentioned above. This also provides a good opportunity to gain a deeper understand of the applicant Company, the proposed projects as well as discuss and answer questions on the assessment process.

An investment report summarising the proposed project and its funding requirement, and containing any conditions (conditions precedents and conditions subsequent), proposed loan term conditions and any particular due diligence requirements beyond the standard requirements will be prepared based upon the assessment and review of each application.

There will be an internal review by Finance Birmingham of the assessment work undertaken (quality check) and sign-off of the investment report prior to its presentation to the Independent Investment Board.

#### **4.2 Rail Supply Growth Fund Independent Investment Board (IIB)**

Finance Birmingham will present the investment report for consideration by the Independent Investment Board who will review the investment report and for successful applicants they will recommend that funding be provided. All recommendations for funding are reviewed and approved by Birmingham City Council.

In circumstances where a greater level of granularity is required in an application further information may be requested by Finance Birmingham from the applicant or from representatives of the applicant before an investment paper is presented to the Independent Investment Board.

There may be circumstances where the Chair of the Independent Investment Board will ask for representatives of the applicant Company to attend a meeting of the Board to make a short presentation on the proposed project and to answer questions from members of the Board.

The Independent Investment Board takes the final decision to recommend applications for funding and on any additional conditions (conditions precedents and conditions subsequent) that need to be contained within the conditional offer letter over and above the general due diligence requirement that will be applied to all conditional offers of funding. It can also specifically request further investigation into certain aspects of the funding of the beneficiary applicant. It also retains the right of decision over scope, as to whether a request for funding is in or out of scope absolutely, with respect to providing funding.

The Independent Investment Board can defer an application so that it can obtain a greater level of granularity (clarification or supplementary information) in writing. In addition, representatives of the applicant Company may be invited to attend a meeting of the Independent Investment Board to make a short presentation and to answer questions.

The decision of the Independent Investment Board as to any funding of an application is final.

# Notification and Post Notification Process

# 5. Notification and Post Notification Process

## 5.1 Notification

The applicant Company will be notified by Finance Birmingham of the outcome of the application process, within five working days after the meeting of the Independent Investment Board.

The results of the successful requests for funding will be publicised and this activity includes engagement by Birmingham City Council and BEIS with the media. Should the applicant wish to publicise the project in any way whatsoever they must first contact Finance Birmingham before doing so and email any publicity plans, press releases and articles, etc. for prior approval.

## 5.2 Feedback

Detailed feedback will be made available by Birmingham City Council to unsuccessful applicants approximately 10 working days from the date of notification. There will be no further discussion on unsuccessful applications.

Unsuccessful applications cannot be resubmitted unless the new application is significantly different from the original submission, or invited to do so by the Independent Investment Board.

## 5.3 Conditional Offer Letter

Successful applicants 'beneficiary applicants' will receive a "Conditional Offer Letter" (COL) from Birmingham City Council, which will set out the terms and conditions that apply to the loan / grant and any conditions (conditions precedents and conditions subsequent) that have to be met before any draw downs / claim can be made. This will usually include the following:

- A requirement for an up to date project plan which demonstrates the applicant's ability to achieve the milestones, including employment outcomes, details of which will be set out in the COL.
- A parental guarantee or parental undertaking to support an applicant which is part of a group may be requested in certain circumstances. The full security requirements will be discussed and agreed during due diligence.
- Confirmation of loan repayment terms including payment of arrangement fees.

Confirmatory due diligence in the form of a report certified independently by a person or body approved by Finance Birmingham may be requested where the beneficiary applicant has received approval for a loan in excess of £1m (all loans will have some form of due diligence) and / or the Independent Investment Board specifically requests further investigation into certain aspects of the funding of the beneficiary applicant. The cost of these report, if required, will have to be borne by the beneficiary applicant.

All due diligence reports would comment on the key preliminary conditions / provisions in the COL (conditions precedent) such as sources of funding or compliance with State aid legislation. Birmingham City Council and Finance Birmingham, and in some circumstances this may also involve the Independent Investment Board, will review the due diligence work undertaken and or any requested reports to ensure that all conditions precedent have been satisfied.

The allocation of funding will not be finalised until all documents are received and satisfactory and the proposed project cost review is completed. If the beneficiary applicant does not respond by the deadlines stated in the COL, the conditional offer will be withdrawn and funding will not be provided.

Upon satisfactory completion of this due diligence work and receipt of the requisite documents, a "Confirmation Letter" (CL) will be issued by Birmingham City Council.

#### **5.4 Draw Down and Monitoring**

A Project Relationship Manager (PRM) will be appointed by Finance Birmingham to liaise with the beneficiary applicant on a regular basis.

Where a loan draw down schedule has been agreed, requests for draw down against that schedule will be made by the beneficiary applicant submitting a request (pro forma will be available) usually signed by the applicant's Finance Director, as an authorised signatory, confirming that they have met any associated preconditions.

All grant claims will be undertaken by the beneficiary applicant by submitting a grant claim request (pro forma will be available) usually signed by the applicant's Finance Director, as an authorised signatory, confirming that they have met any associated preconditions. These claims will be dealt with on a defrayed basis.

Independent Accountant's Reports will need to be provided (this may be your own external accountant) at your own cost at the end of any grant claiming year to verify that all grant claims are supported by eligible costs for the delivery of the project as set out in the COL and any subsequent changes as set out in the CL .

It is important that the beneficiary applicant plans the project's cash flow requirements in accordance with the project plan to ensure that the project can be delivered as per the cash flow projections provided as part of the application / due diligence process.

In addition to the loan draw down documentation, all beneficiary applicants will be subject to monitoring visits / meetings and required to produce reports, as required, detailing achievements of milestones against the agreed project plan as outlined in the COL / CL.

Monitoring of projects will be undertaken by Finance Birmingham, with the involvement of Birmingham City Council if and when required.

# Further Information

## 6. Further Information

For further information on the Rail Supply Growth Fund, EOI, application form and assessment process, please refer to the following:

Rail Supply Growth Fund Helpline: All enquiries regarding the Fund should be directed to this Helpline, who will receive and co-ordinate responses to all queries, information requests, and points of clarity - Tel: **0121 233 4917**

Queries can also be submitted to the Rail Supply Growth Fund Helpline by email: [enquiry@financebirmingham.com](mailto:enquiry@financebirmingham.com)

Frequently Asked Questions (FAQs): These can be found on the website: [www.financebirmingham.com/railsupplygrowthfund](http://www.financebirmingham.com/railsupplygrowthfund)

Note: Complaints regarding the Rail Supply Growth Fund (not the decision), should follow Birmingham City Council's formal complaints procedure. Further details of that procedure can be found at: <http://www.birmingham.gov.uk/yourviews>.

# Completion of the Expression of Interest & Application Form

# 7. Further Completion of the EOI & Application Form

This section will guide you through the completion and requirements of the expression of interest (EOI) form and application form.

## Expression of Interest (EOI) form

The EOI form is structured as follows:

- Project title
- Applicant Company details
- Summary of proposed project
- Key financial data
- Outline of proposed project to include:
  - > Outline of the nature of the proposed project and what the funding is to be used for and names of companies and their contribution in any consortium application.
  - > Explanation of what benefits will be provided by the proposed project.
  - > Details of how the proposed project will be funded.
  - > Details of the timescales for the proposed project.

The purpose of the EOI form is to provide an outline of the proposed project which will provide sufficient information for Finance Birmingham, after any further discussion with the applicant Company, to assess as to whether the proposed project meets the qualifying criteria for funding from this Fund and to provide appropriate feedback to the applicant Company.

## Application form

The application form has the following structure:

- Application details
- Meeting the scope of the Fund
- Summary of the proposed project
- Section 1 – The project proposal
- Section 2 – Project benefits, outcomes and outputs
- Section 3 – Funding the proposed project
- Section 4 – Project risks
- Section 5 - Managing the proposed project
- Public description of the proposed project
- Freedom of information
- Other funding from public sector bodies
- Finance summary table
- Declaration

## Consortium Applications - Academic Partners

Consortium applications must be industry led but may include organisations such as academic partners and catapults as applicants seeking funding from this Fund. If such an application contains an academic partner that is seeking grant funding (as the proposed project is seeking the introduction of innovative crossover products and services and to enhance business participation within the rail supply sector) they must also complete and submit an online "Standard Proposal" via the Research Councils' Joint electronic Submissions website (Je-S) alongside the application form. This will need to be submitted in sufficient time to ensure that it does not hold up the application assessment process.

For the Je-S requirements see the Je-S website at <https://je-s.rcuk.ac.uk> page 10 of 30.

Academic applicants must use the Je-S system to calculate and submit their financial information, where their costs are calculated on the basis of Full Economic Costs (FEC) as defined by the Research Councils. Grant funding for successful projects will be provided at 80% of Full Economic Costs (FEC), in line with Research Council Funding. Costs should be calculated at year one levels without indexation. The remaining 20% of FEC does not constitute a contribution to the project by the academic partner and must not be included in any total project costs provided by the academic partner. Further, it is not allowable for any other applicant Company to provide any of that 20% to the academic partner. All academic participants will need to provide a pdf copy of the Je-S submission output document, showing a status of 'With Council', to the lead applicant Company so that they can submit the pdf as supporting accompanying documentation with the application form.

Organisations eligible to be considered as academic partners of a consortium application are:

- Universities and similar HEI organisations.
- Government Research Establishments.
- Not-for-Profit Research and Technology Organisations (RTOs).

Not-for-Profit RTOs are:

- RTOs that are, or that are constituent parts of, a charity registered with the Charities Commissions.
- Associations that are eligible for exemption from corporation tax under section 508 of the Income and Corporation Taxes Act 1988.
- RTOs that are wholly owned subsidiaries of an association approved under section 508 of the Income and Corporation Taxes Act whose articles of association require that all profits are returned (gift-aided) to the section 508 association.

All organisations included within a consortium application will need to be clear on their contribution to the proposed project and what they will do with the outcomes of the project that they generate.

## Question Guidance

All applicants need to complete all parts of the application form up to and including section 5, as well as the sections on public description of the project, freedom of information, other funding from public sector bodies, finance summary table and the declaration.

The application will be assessed on the application documentation that is submitted and the outcome of subsequent discussions that you may have with Finance Birmingham staff. It is important that you submit all the documents or information required to help to ensure that your application is able to be quickly and fully assessed.

It is important that the applicant Company addresses and responds to each section and each question within each section clearly. To assist and guide you through the questions, the guidance below provides an explanation and indication of what is required for each question. The guidance notes are not intended to be exhaustive and you are expected to develop your own responses based on your own skills, knowledge and experience.

When completing the application form it is important to take into account that the space provided is to enable you to focus on providing the specific and most relevant information for each question as you feel appropriate for the application you are submitting.

**As you prepare your application form, please check your form in PRINT VIEW: any text that cannot be seen in the view or when the form is printed cannot be assessed.**

It is therefore your sole responsibility to ensure you send the form intended for submission and assessment and do not submit a blank or incomplete form.

### Key tips:

- Number the answers to each question
- Use headings for the answer to each question

### Please note the following process requirements for the application form:

- You may only use the forms provided, which will contain specific information on your application.
- The forms contain specific fields and it is important that you complete each field and present a fully completed form. Incomplete forms risk being rejected.
- The forms must not be altered, converted or saved as different version of Microsoft Word.

## Completing the EOI and Application front sheet

Question	Guidance
Project title	This allows the tie up between the EOI and application form particularly where the applicant Company has more than one project running.
Applicant Company name	Enter the full registered name for the applicant and the Company number if applicable (as provided by Companies House).
Contact details	Enter the full name, postcode, email address and telephone number of the main point of contact between Birmingham City Council, Finance Birmingham and the applicant.
Range of products / services and key customers	Describe what products and services are provided and to whom.
Project timescales – Estimated start date and duration	Please indicate when you would like to commence your proposed project
Project finance	What is the cost of the proposed project and how much funding are you seeking from this Fund in terms of loans and grants.
Job numbers	Total number of direct jobs that will be created / safeguarded by the proposed project.
Project location	Must be wholly undertaken in England.

## Application form - Meeting the scope of the Fund

All applicants need to complete this part of the application form.

### Important Note:

If Finance Birmingham considers that this section does not meet the scope and criteria of the Fund, then the application is deemed not to be eligible for funding from the Rail Supply Growth Fund. Guidance on the completion of this section is critically important and is provided below:

Question	Guidance
<p data-bbox="102 542 521 685">How is this request for funding for the proposed project aligned with the scope of this Fund?</p> <p data-bbox="102 725 521 869"><b>You should note that, where appropriate, you should repeat information from the main application.</b></p>	<p data-bbox="541 542 1492 649">All applications must align with the specific criteria of this Fund, as outlined in this Guidance to Applicants under the Operation of the Rail Supply Growth Fund – Scope (see section 1.3).</p> <p data-bbox="541 689 1492 909">You should state whether you are seeking to expand your current rail supply sector activities and / or promote the introduction of crossover products and services into the rail supply sector and to enhance businesses' participation within the rail supply sector either in isolation or as part of a larger planned manufacturing / service activity.</p> <p data-bbox="541 949 1492 1205">Note: To demonstrate alignment, you need to reflect that the proposed project's objectives and activities are aligned with the Rail Supply Growth Fund. In forming judgement on this, Finance Birmingham will also consider whether the application addresses the objectives and topics it claims to. Therefore, it is important for you to fully understand the background, challenge and scope of this Fund.</p>

## Application form - Summary of Proposed Project

All applicants need to complete this part of the application form.

<b>Question</b>	<b>Guidance</b>
Please provide a short summary of the proposed project, explaining the nature of the project, what it is seeking to achieve, how it is to be funded indicating the level of funding that is being requested from this Fund and why and what are the benefits, outcomes and outputs that are expected to be delivered and when.	You should note that, where appropriate, you should repeat information from the main application.  You should clearly explain the "what will the proposed project do", "the how will the project do it" and "the what will it deliver" ensuring that you have captured all the important key features of the project in this summary.

## Application form - Section 1: The project proposal (the business case)

All applicants need to complete this part of the application form.

In the answers provided clearly spell out the assumptions you have made and sources used in support of your application particularly when used to calculate the expected benefits, outcomes and outputs of the proposed project.

Question	Guidance
<p>1. What are the details of the proposed project and its justifications?</p>	<p>In your answer to this question you need to including details of:</p> <ul style="list-style-type: none"> <li>• The current nature of your specific market(s) including the dynamics of this market including quantifying its current size, actual and predicted growth rates.</li> <li>• The barriers to entry of new suppliers or competitors to the market including particular constraints that you are experiencing in growing your business and the specific barriers restricting improved manufacturing / service capability, productivity and competitiveness.</li> <li>• The size of the market opportunities that this proposed project might open up.</li> <li>• How new or existing market or business opportunities will be gained through the proposed project i.e. the strategy for developing market share in the UK and across any overseas markets.</li> <li>• How the project will lead to an expansion in the market (e.g. because it is likely to lower prices and increase take-up). The projected market share(s) for the intended proposed project outcomes, with justification in the light of any potential competitors and the likely competitor response to the results of this proposed project.</li> </ul> <p>Any partnership arrangement that you have entered into or will enter into to bring this proposed project to market. This will need to include details of the level of commitment from customers to this proposed project. This should preferably be in the form of financial commitment and / or formal contractual relationships.</p> <p>The technical aspects of the proposed project including any core innovation (technology, business process, business model etc.) also making clear whether this project is about developing innovation or applying / adopting it in a new sector such as rail (i.e. a crossover products and services into the rail supply sector either in isolation or as part of a larger planned manufacturing / service activity).</p> <p>For projects that involve a significant element of R&amp;D details of the technical approach i.e. what technology is this based upon and what techniques, developments are you intending to carry out to what end.</p>

An explanation as to why the proposed project will offer a better outcome, compared to rival technologies and alternative strategies and the readiness and timeliness of the technology / service to meet the needs of the target market.

The relevance and viability of any rail crossover products and services and how this will help to enable the applicant Company to enhance its participation within the rail supply sector.

Who will own the intellectual property rights of the technologies and processes developed as part of this project and to what extent the innovations can be protected using intellectual property rights and or employment contracts.

In evaluating your answer to this question, Finance Birmingham will consider the following:

- Does the proposed project align with the Rail Supply Group strategy?
- What is supply chain failure and why has this arisen?
- Does the proposed project address a clear commercial opportunity?
- Will the proposed project successfully address these market opportunities and gain market share?
- Is there sufficient commitment from customers and has this been sufficiently demonstrated and, if necessary, arrangements are in place to secure on-going commitment?
- Is there a clear technical solution, approach and methodology that is deliverable?
- Are the innovative steps achievable through the proposed approach?
- Can the new products / service be brought to market / commercialised at the scale as per the suggested timescale?
- Is the intellectual property (IP) being protected or capable of being protected and if not does this impact on the project benefits being achievable?
- Does the proposed project replace or displace existing or planned investment by other businesses?

## Application form - Section 2: Project benefits, outcomes and outputs

All applicants need to complete this part of the application form.

Question	Guidance
<p>2. What measurable direct benefits, outcomes and outputs does the proposed project expect to deliver and when?</p>	<p>In your answer to this question you should include details of:</p> <p>How the proposed project will impact on at least any of the following 4 potential keys benefits and what outcomes and outputs the proposed project is expected to deliver:</p> <ul style="list-style-type: none"> <li>• Capabilities and capacity</li> <li>• Productivity</li> <li>• Competiveness</li> <li>• Jobs created and safeguarded</li> </ul> <p>The number and type of full time equivalent (FTE) direct jobs which would be created and / or safeguarded (safeguarded means an existing job(s) that would be made redundant unless funding is received for this proposed project. This means a job(s) that would have been lost without provision of the funding within 12 months from the date that the applicant first receives the funds) in each year of the proposed project and in any subsequent years.</p> <p>Ensure that in terms of jobs you also include:</p> <ul style="list-style-type: none"> <li>• Geographical location , citing a relevant postcode where possible.</li> <li>• The quality (in terms of average salary and NVQ level).</li> <li>• The duration, making it clear whether any of these are likely to be sustained beyond the proposed project's end date.</li> </ul> <p>The nature of any interrelationships between these benefits. Any export benefits that are expected to be achieved. In evaluating your answer to this question, Finance Birmingham will consider the following:</p> <ul style="list-style-type: none"> <li>• To what extent would these benefits be realised anyway, in the absence of funding from this Fund?</li> <li>• Is there strong and clear evidence to suggest that the proposed project can deliver these benefits and the outcomes and outputs?</li> <li>• Is there any displacement effect in the benefits being realised by this proposed project?</li> <li>• What value for money can be accessed from these benefits, outcome and outputs and from private sector leverage?</li> </ul>
<p>3. What other direct and indirect benefits is the project expected to deliver and when?</p>	<p>In your answer to this question you should include details of:</p> <p>How the proposed project will provide other direct and indirect benefits beyond the project which may include some of the examples given below.</p>

Any created learnings, knowledge or skills that are much more widely applicable.

Any potential knowledge “spill overs” (benefits that accrue to organisations outside of the project) from any R&D activity and or technological advancement and how existing or proposed networks or channels will support the transmission of these benefits beyond the proposed project.

Any other expected “spill over” benefits which will accrue to those external to the proposed project including benefits to users (intermediaries and end users), suppliers, the broader industrial markets and the UK economy.

For any expected wider social and or environment benefits, for example, reductions in energy consumption and in carbon emissions, improvements in quality of life, health and safety, regulation that cannot be easily quantified - applicants should support their claims with relevant evidence.

In evaluating your answer to this question, Finance Birmingham will consider the following:

- Is the ability to deliver extra spill over benefits demonstrated by the project, for example, increased knowledge transfer etc?
- Are these substantial benefits that could go wider than the proposed project and what is the likelihood that the benefits would be achieved in the quantities outlined by the project?
- To what extent will funding lead to a potential displacement effect with reduction in benefits enjoyed by other competitor companies, might they lose market share or see workers with scarce skills become more expensive?
- Is there additional justification for funding this proposed project as it is desirable from a wider sector or economy perspective as it has the potential to create value added for the rail supply sector and or the UK economy?

## Application form - Section 3: Funding the proposed project

All applicants need to complete this part of the application form.

Question	Guidance
<p>4. What is the current financial position of the applicant Company, how will this proposed project change this, how is this project to be funded and what is the level of funding required for the project from this Fund and why?</p>	<p>In your answer to this question you should include details of:</p> <p>The recent financial history, why you are seeking funding setting out clearly the reasons why you are not able to finance the full cost of the proposed project using your own resources or by accessing mainstream funding.</p> <p>Justification relating to rates of return setting out an analysis showing how the rate of return for the project is changed by the provision of funding from this Fund. You should also explain the applicant's budgeting / investment rules e.g. hurdle rates. You should explain if low rates of return from the project explains your request for funding from this Fund.</p> <p>A high level financial analysis of how the proposed project is going to perform financially and how this will impact on the Company over the funding period, this should be cross referenced to the submitted financial documentation.</p> <p>The justification for any grant support.</p> <p>The level of funding commitment from your finance providers such as your Bank and what are the terms of other funding that is being provided?</p> <p>All the key points and explanations that you wish Finance Birmingham to consider should be included in the main body of your application form and, where required, in the relevant supporting accompanying documentation (such as additional financial information i.e. previous three years annual accounts etc.), as these are key documents used within the assessment process.</p> <p>In evaluating your answer to this question, Finance Birmingham will consider the following:</p> <ul style="list-style-type: none"> <li>• Is the total budget and quarterly profile realistic for the scale and complexity of the proposed project?</li> <li>• Does the funding support required fit within the limits set by the Fund?</li> <li>• Is the loan from the Fund serviceable at the appropriate rate of interest?</li> <li>• What is the level of available security?</li> <li>• Is there justification for the level of grant support requested?</li> <li>• Is any grant support compliant with State aid legislation?</li> <li>• What financial commitment is being made by the applicant Company?</li> <li>• What is the level of funding commitment from your finance providers such as your Bank?</li> <li>• What are the terms of other funding that is being provided?</li> </ul>

- Why is the applicant unable to fund the whole of this project from other sources? Is it due to the level of return, the level of security available or the level of risk in the project and is this level of risk acceptable for this Fund?
- Is there a clear market failure in that funding from this Fund, for example will allow the project to be delivered at the same scale and or delivered more quickly than without funding?
- In financial terms have work package breakdowns been described and justified adequately?

## Application form - Section 4: Project risks

All applicants need to complete this part of the application form.

Question	Guidance
<p>5. What are the risks relating to the proposed project and how will they be managed/mitigated to ensure successful project delivery?</p>	<p>In your answer to this question, you should include details of but not limited to:</p> <ul style="list-style-type: none"> <li>• Cost risk (e.g. costs escalate due to poor estimation, poor control or changes to requirements).</li> <li>• Coordination risk (e.g. bringing together different aspects of the project, technology etc).</li> <li>• Governance risk (e.g. size and complexity of the proposed project makes effective management difficult).</li> <li>• Technical / technological risk (e.g. new technology and or services being developed are not technically proficient, and / or successfully demonstrated and / or manufactured and / or services monetised and / or delivered).</li> <li>• Management / skill risk (e.g. the necessary management and skill base to cope with the complexity of design, developing and delivering the proposed project).</li> <li>• Equipment risk (e.g. the current / new manufacturing assets of the company are sufficient to undertake the project).</li> <li>• Finance risk (e.g. the severability and repayment of the loan back to the Fund as well as meeting the conditions of other sources of funding).</li> </ul> <p>There should be a risk register for the project attached as supporting accompanying documentation.</p> <p>This should rate the seriousness of the identified risks on a sliding scale of high, medium or low by considering the score of the likelihood and impact of each risk separately.</p> <p>Scoring 1 to 5 where 1 is non-serious and 5 is extremely serious for the likelihood that the risk will occur and its potential impact on the successful delivery of the proposed project.</p> <p>The register should state how / what you will do using project management tools and mechanisms to minimise / mitigate against these risks occurring.</p> <p>In evaluating your answer to this question, Finance Birmingham will consider the following:</p> <ul style="list-style-type: none"> <li>• Have all the relevant risk been identified?</li> <li>• Have the risks been partially or fully mitigated?</li> <li>• Is there a significant level of residual risk in key areas that cast doubts over any aspects of the project's successful delivery?</li> </ul>

## Application form - Section 5. Managing the proposed project

All applicants need to complete this part of the application form.

Question	Guidance
<p>6. What skills and experiences and access to facilities are available to deliver the proposed project and identified benefits, the expected outcomes and outputs and what is the management arrangement for the successful delivery of the project plan / project?</p>	<p>In your answer to this question, you should include details of but not limited to:</p> <p><b>Project plan</b></p> <p>What the proposed project entails in a project plan which includes but not limited to, the key milestones and deliverables, project management structure, the team and any partners.</p> <p>This project plan should include a number of work packages (included as supporting accompanying information). For each give the timing and identify who will deliver it, identify any dependencies e.g. on other work packages, and give sufficient detail to make clear what activities are happening and how they are being delivered. Also include the resource required to deliver a work package e.g. number of person months / days etc.</p> <p>If the proposed project is predominantly about the implementation of new ways of working, new equipment etc. describe the approach to delivering this.</p> <p>Explain / justify all funded and non funded partners that are to be involved in the proposed project stating why a particular company / organisation has been chosen, what role they will perform and how they were chosen and how they represent good value.</p> <p>In evaluating your answer to this question, Finance Birmingham will consider the following:</p> <ul style="list-style-type: none"> <li>• Is the project plan sufficient for the complexity of the proposed project? For example, is there sufficient detail to understand the tasks involved and the resources required?</li> <li>• Is the timing of key milestones realistic?</li> <li>• Have clear management reporting lines been identified?</li> <li>• What are the justifications for the use of a consortium to deliver this proposed project and in the choice of the members of that consortium?</li> <li>• Have other relevant bodies been involved in developing the proposed project?</li> </ul> <p><b>Project team management skills and capability</b></p> <p>The track record of you having undertaken similar projects to demonstrate capability. Explain the credentials of the various key individuals (e.g. previous experience of similar projects) in delivering the proposed project and their capacity to deliver this project.</p>

The arrangements for managing the proposed project including meeting types, frequency, project management tools etc. Mention any specific project management methodologies to be employed and any quality accreditations that are relevant.

The reporting lines in any consortium application, clearly identifying roles and specific responsible people.

In evaluating your answer to this question, Finance Birmingham will consider the following:

- Have you demonstrated sufficient resource, commitment and capability to undertake the proposed project?
- Is there the right available mix of skills and experience to deliver the proposed project successfully?
- Is there evidence of management's previous delivery of similar projects and associated funding?

## Application form - Public description of the proposed project.

Whilst this section is not assessed, provision of this public description is mandatory. Funding will not be provided to successful projects without it.

All applicants need to complete this part of the application form.

Question	Guidance
If your application is successful, the following brief description of your proposal will be published. Provision of this description is mandatory but will not be assessed. Please ensure it is suitable for public disclosure.	To comply with Government practices on openness and transparency of public-funded activities for projects in receipt of loans and or grants, information relating to funded projects must be published. Please provide a short description of your proposal in a way that will be comprehensible to the general public. Do not include any commercially confidential information in this summary.

**All applicants need to complete sections of the application form relating to 'Freedom of information', 'Other funding from public sector bodies', 'Finance summary table' and 'Declaration' which are all self explanatory as per the application form.**

# For Further Information

**call: 0121 233 4917**

**email: [enquiry@financebirmingham.com](mailto:enquiry@financebirmingham.com)**