

Guidance For Applicants

Advanced Manufacturing Supply Chain Initiative

West Midlands and Liverpool City Region Programme

V2 . May 2017

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Part one - Executive Summary

1. Background Information

1.1 Background to the West Midlands and Liverpool City Region Programme

The West Midlands and Liverpool City Region Programme ("the Programme") is part of a wider Advanced Manufacturing Supply Chain Initiative ("the Initiative"). The Programme builds upon a previously successful RGF bid put forward by a consortium of four Local Enterprise Partnerships (LEPs¹) and Birmingham City Council for funding from the Government's Regional Growth Fund (RGF).

1. The 4 LEPs are: Black Country, Coventry and Warwickshire, Greater Birmingham and Solihull and Liverpool City Region

The objective of this Initiative is to provide a flexible package of funding to help both new and existing supply chains develop, grow and achieve world class standards, whilst encouraging major new suppliers to set-up and manufacture across England.

1.2 Supply Chain Development

By supply chain we mean the companies and/or organisations involved in parts or services which contribute to a finished product. Those companies assembling or distributing finished products to retail markets are usually at the top of the supply chain and are often referred to as "Prime" companies (e.g. OEMs – original equipment manufacturers) or Tier 1 (companies which supply the primes directly). Primes/top tier companies are often involved in the overall design of a product as well as in the R&D stages. Within supply chains a range of SMEs, mid-sized businesses, large companies within an assisted area (assisted areas can be checked here - <https://www.gov.uk/government/consultations/assisted-areas-map-2014-to-2020-stage-2> For further clarity, please contact your local LEP representative) and organisations (such as higher and further education institutes) make a significant contribution to the finished product and play a crucial role in the effectiveness and success of the production process and quality of the end product.

The aim of the Initiative is to increase the potential growth of the manufacturing sector by addressing market failures. It seeks to deliver this by improving the competitiveness of supply chains to globally competitive levels as well as attracting new manufacturers to be based here. By market failure we mean that the market by itself is not leading to an efficient outcome and government intervention and support can be justified. For example, there may be benefits to a project which go wider than the companies considering investing in it. The companies, therefore, may not invest at all or invest as much as is desirable from the perspective of the wider sector or economy.

Successful Applications in this Programme will be industry driven, with companies playing a significant role. They will demonstrate real ambition to create globally competitive supply chains. We also believe Application benefits will be maximised in terms of relevance and sustainability where they have the commitment and support of those within the relevant supply chain. We expect that financial support from this initiative would be directed across the supply chain, particularly towards SMEs, where market failures are likely to be greatest.

1.3 Overview of the Programme

Scope

Most businesses are part of a supply chain to some degree, using networks of suppliers to obtain raw materials, components or services that are in turn used to create another product. They are critical to many parts of UK manufacturing and, therefore, fundamental to the economy.

Barriers to growth of supply chains are varied and depend on the relevant sector and specific circumstances of a supply chain. Some of the barriers to growth reported by sectors are market failures that also appear to affect businesses that are not dependent on supply chains, for example, access to SME finance, skills gaps in the workforce, particularly leadership and management skills. Some barriers appear to be more specific to supply chains, for example, sharing risk in new ventures and research and development across suppliers or developing and securing the quality and accreditation to supply new products.

Government provides support to address many of these individual, identified market failures. For example, there is both general and targeted (National Skills Academies, Growth and Innovation Fund) government support for raising skills and training provision. R&D grants and Knowledge Transfer Partnerships support some supply chains already; a good example is through the Technology Strategy Board Low Carbon Vehicle Innovation Platform.

This Programme seeks to test whether there is more we can do, through a flexible approach in the type of support that can be provided, to address the key barrier(s) to supply chain development. In particular, the balance and benefits of different types of support, loans and grants as well as how that resource can be combined across capital investment, research and development and skills to tackle single or multiple barriers to growth.

The aim of this Programme is to create more competitive supply chains that anchor high value added work in the automotive and aerospace supply chains across the West Midlands and Liverpool City Region, attract new customers to existing supply chain companies, sustain or create new employment opportunities and create better synergies and sustained collaborative relationships throughout supply chains that participate in this Initiative.

Overview

The primary purpose of the West Midlands and Liverpool City Region Programme is to help support the development of productive capacity in the automotive and aerospace supply chains in the four LEP areas of Black Country, Coventry and Warwickshire, Greater Birmingham and Solihull and Liverpool City Region. The fund will adopt a flexible approach to funding (loans and grants) focusing on the provision of funding towards the purchase of capital equipment and funding working capital requirements as well as funding the complementary requirement of R&D and skills development. It is designed to promote closer collaboration within the supply chain and to address market failures. In practical terms, funding will be available to support the projects in the following areas, subject to the normal State Aid rules;

- the purchase of capital equipment including the provision of working capital;

- R&D activity which improves manufacturing equipment, systems or processes; and
- specific training and skills development to support the project.

At the centre of the Programme is a £25m fund to support projects which deliver economic growth and generate and/or safeguard jobs. These imperatives will also be key in the overall assessment of applications put forward. The fund will increase as previous loans are paid back and become available.

Projects will require a minimum of £100,000 of support per project and will be:

- from Applicants operating as part of an aerospace and/or automotive supply chain;
- either collaborative or single applicant bids; and
- based within the four LEP areas consisting of the Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull and Liverpool City Region. To be eligible, 90% of the public support has to be against eligible costs incurred within these geographical areas.

Only those applications which contain named specific beneficiaries (consortium based bids) can be considered for funding through this Programme.

Applicants should consider the eligibility criteria to decide whether they are eligible for funding to support the aims of the Application.

Applicants will need to demonstrate the additional nature of the activity and that the outcomes could not be achieved in the absence of support.

The key document to guide you through the Programme is this Guidance Notes for Applicants – this document gives details of the Programme scope, criteria, process and timelines, application requirements, funding rules, funding levels and conditions and finance criteria.

Please note that these Guidance Notes for Applicants are unique to this specific Programme. It is therefore important for you to ensure you have all the correct documentation referred to it for this Programme.

Applicants need to be mindful that this availability of funding is subject to the level of demand made against it so Applicants are encouraged to submit early Applications.

1.4 Fund Accountability - Birmingham City Council

Birmingham City Council, the largest local authority in Europe, is acting as the accountable body for the Initiative having responsibility for its overall management of this Programme and its £25m fund.

It will draw on help to deliver the Programme from a variety of sources, in particular Finance Birmingham as well as an independent Investment Board which will take the final decision to select successful bidders.

1.5 Finance Birmingham

Finance Birmingham is a wholly-owned subsidiary of Birmingham City Council which will be working closely with Birmingham City Council to provide programme management and a financial assessment within the overall assessment process.

Part two - Programme Information

2. Programme Outline

2.1 Introduction

This guidance document refers only to the “West Midlands and Liverpool City Region Programme”.

2.2 Application Process

To enter into this Programme you will need to initially complete an Expression of Interest Form for each project and then, if successful, at that stage complete an Application Form, these forms can be obtained from www.financebirmingham.com/amsci/wmlcr

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

If you require further assistance or information on the documents to download or in navigating through the website, please contact the AMSCI Programme Management Team Support Group on **0121 233 4903**.

There are Frequently Asked Questions (FAQs) available for this Programme. They can also be found at www.financebirmingham.com/amsci/wmlcr

Support

Should you wish to have an initial discussion before submitting an Expression of Interest Form and to explore what help might be available to assist you complete the Application documentation, then we strongly advise you to contact your local LEP representative. A list of contacts for each LEP area can be obtained from www.financebirmingham.com/amsci/wmlcr

Expression of Interest

This two page form asks for the key proposals of your project, your funding requirements and a brief summary of the content and objectives of your project.

Full Application

This will consists of the following documents:

- Application Form
- Application appendices (see Section 9 of this document for requirements)
- Applicant Finance Form (for every industry partner)
- Academic Partner Finance Form (for every academic partner – if any)
- Finance Requirements (for every industry partner)
- Je-S Submission PDF Output Document (for every academic partner – if any)

The Application Form has the following structure:

Page	Information Required	Space Available
1	Application Details	1 A4 page
2	Outline of Proposed Project	1/3rd A4 page
2	Gateway Question: Scope	2/3rd A4 page
3-4	Section 1– The Business Proposition	2 A4 pages
5-6	Section 2 – Project Details	2 A4 pages
7-8	Section 3 – Funding and Added Value	2 A4 pages
9	Public description of the project	1/3rd A4 page
9	Funding From Public Sector Bodies	1/3rd A4 page
10	Finance Summary Table	1 A4 page
11	State Aid Compliance	1/3rd A4 page

Your Application will be assessed solely on the basis of what is submitted. Failure to submit all the documents or information required will affect how your Application is assessed.

Decision

The Expression of Interest Form will be reviewed and feedback will be provided on the contents and as to whether a full Application should be submitted; Expressions of Interest should carry the support of the LEP before progressing to full Application. The full Application Form will be reviewed by assessors and subsequently by an Investment Board which will agree on those Applications to be considered for funding by Birmingham City Council. Unsuccessful Applications cannot be resubmitted unless they are significantly different from the original submission. Both successful and unsuccessful Applicants will subsequently be informed by Birmingham City Council of the outcome of their Expressions of Interest and Application and provided with feedback.

2.3 Timeline of the Application Process

The West Midlands and Liverpool City Region Programme will operate on a rolling Application basis, subject to the availability of funding. The assessment process will be aligned to the monthly meetings of the Investment Board. It remains your responsibility to ensure you proceed within the Programme rules and in doing so allow sufficient time to complete all Programme requirements.

Funding

3. Funding

3.1 Levels of Project Funding Available

Projects which require a minimum level of £100,000 of support per project.

Applicants need to be mindful that this availability of funding is subject to the level of demand made against it so Applicants are encouraged to submit early Applications.

3.2 State Aid Legislation

All Applications supported must also be compliant with State Aid legislation;

- under the "General Block Exemption Regulations;"
- aid is also permissible under the "de minimis" Regulations (small amounts of financial support - less than €200,000 to any undertaking over any rolling three year period – are considered to be de minimis amounts and while subject to separate Regulations the assumption is that such amounts are small and therefore do not distort trade and competition; and
- loans made on market terms so no economic advantage is conferred on the Beneficiary in a manner consistent with the European law "market economic investor principle" ("MEIP").

Finance Birmingham / Birmingham City Council will appoint a firm of State Aid lawyers of their choice to test that the application is compliant with State Aid Guidelines.

It is assumed that at application stage that the applicant has self-certified that the bid is state aid compliant. The State Aid Compliance checks will test these assumptions and seek supporting evidence to ensure that the aid to be given is compliant. The cost of this work will be borne by AMSCI.

If you are not familiar with State Aid rules you might find it helpful to look at the "handbook" produced by the European Commission for a summary of the Regulations. Please note that this is only a simplified version of the legal texts. The Regulations give more details about geographical coverage, sectoral restrictions, funding limits and eligibility in terms of type and size of organisations as well as costs. Aid will be limited to;

- regional investment aid (only available in assisted areas);
- SME investment aid;
- research and development aid; and
- training aid.

Applications from automotive and or aerospace supply chain companies/ organisations located within the four LEP areas will also be eligible for funding for expansion of manufacturing capacity and processes and loans in non-assisted areas at market rates, where it is fully compliant with State Aid legislation.

For specific details including aid intensity, the incentive effect and eligible costs, you

must refer to the relevant part of the Regulations. Applicants must be able to show how their projects are State Aid compliant and be able to justify and evidence the levels of funding sought and the breakdown of support across consortium partners where applicable. If there is a breach of State Aid limits, the Commission would normally require the project participants to repay any grant received, including interest. You may wish to seek independent legal advice.

Additional help and support on compliance with State Aid will be made available as part of the support offered at the expression of interest stage and feedback will be made available.

However, it is ultimately the responsibility of the Applicant to ensure that the bid is compliant with the relevant State Aid legislation. Further guidance is available on the Government services website - <http://www.gov.uk/state-aid>

3.3 Grants and Loans

It is expected given the purpose of the Programme outlined in section 1.3 that Applicants will be seeking either loan funding or a combination of loan/grant funding (for those projects with complementary R&D and or skill development component within them). The West Midlands and Liverpool City Region Programme can provide purely grant funding but only in circumstances where there is high degree of technical uncertainty concerning the outcome of an R&D project; or there is a compelling opportunity to secure investment that might otherwise be located overseas; or there is a compelling opportunity to secure the repatriation of existing overseas based supply chain capacity.

There is the opportunity to consider the level of the interest rate that can be applied to requests for loan, subject to compliance with State Aid regulations, to reflect the particular circumstances of the project and be offered at a competitive rate.

Applicants will be asked to specify whether they are requesting a loan and/or a grant. The decision as to whether to apply for a loan, a grant or a combination of the two is one for the Applicant(s) to make, based on the issues the project will be addressing. The rationale for requesting a grant element within the proposal must be articulated in the Application Form, alongside the evidence supporting the size of the grant and/or loan requested. Assessors will use the information available to assess whether the type of funding requested is appropriate and the extent of its fit with the rationale for the level of Government funding requested.

It is important that the funding type requested fits with the issues and barriers that the project is trying to overcome through Government support.

The type of funding (loans and/or grants) will be considered as integral to the project and if an Application is successful it will only be supported on the basis of the type of support for which the Applicant applied.

Where loan support is awarded through this Programme, the following parameters will apply;

- Suitable security may be required; and
- The cost of borrowing (interest rate) will be considered against the European Commission reference rates prevailing at the date of funding award and will

reflect the particular circumstances of an individual company and compliance with State Aid see www.ec.europa.eu/competition/state_aid/legislation/reference.html

An arrangement fee of 2% of the amount of loan/grant approved will be payable by the recipient upon draw down to meet the legal, documentation and security costs.

The repayment term of the loan should reflect the financial return period of the project, subject to a maximum period of up to March 2019 and Applicants should specify in their Application the required repayment period.

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

3.4 Eligibility for Funding

To be eligible for funding, all projects must address the specific requirements and criteria of the Programme as outlined in this guidance.

3.5 Other Funding Sources

Applications for this Programme will be considered on their own merits, irrespective of whether or not support is also being sought from other publicly funded sources for the same project or elements of it.

However, Applicants should consider whether this Programme is most suited to meet the aspirations of their requirement or whether other funding sources might be more suitable.

Funding can be sought and combined from different sources, but total publicly funded support provided to Applicants must remain compliant with the State Aid legislation and it is the Applicant's responsibility to ensure this. If funding from other public sources is being sought for the project or parts of it, this will be considered as potentially government funding and should be disclosed in the finance summary table, as part of the Application Form.

Assessment

4. Assessment

Each Application will undergo an assessment process which will include the following:

- a project appraisal;
- where appropriate a technical due diligence audit;
- a financial appraisal;
- compatibility against State Aid regulations applicable to this Programme.

All Assessors are required to sign confidentiality agreements and to declare any potential conflicts of interest. They are required to treat Applications in the strictest of confidence and to apply due information protection rules. All assessment documentation and reports considered by the Assessors and the Investment Board are confidential and will not be available to anyone other than Finance Birmingham, Birmingham City Council, their contractors and central Government Departments.

4.1 Project Assessment by Independent Assessors

Independent project Assessors will be appointed by Birmingham City Council for this Programme.

Assessors are engaged as individuals, not as representatives of their employer. They are required to carry out an assessment of the proposals themselves and not to ask anyone else to review an Application in their place nor to ask anyone to give another opinion of their assessment. All Assessors are required to attend briefings conducted by Birmingham City Council in order to be accepted to undertake assessments according to Birmingham City Council's requirements. Birmingham City Council preserves the anonymity of the Assessors.

4.2 The Assessment Process

The following assessment process will apply:

4.2.1 Expressions of Interest

- Each Expression of Interest will be reviewed by a LEP representative as to how the project meets the scope, addresses the key deliverables of the Programme and is compatible with State Aid regulations applicable to this Programme.
- The review may take the form of a face-to-face meeting or telephone conference with the Applicant(s) to better understand the project and to seek additional information or clarification on information that has been supplied.
- Written requests for any additional information will be sent out by the AMSCI Programme Team with a deadline for its return.
- The evaluation process will recommend whether the Expression of Interest should proceed to a full Application and feedback will be shared with the Applicant.

- Applicants that receive recommendations not to proceed to a full Application will not be able to resubmit an Application to the Programme unless a new Application is significantly different.

4.2.2 Full Application - Project Assessment

- Each Application will be reviewed against the same of set of gateway and criteria questions.
- Each Application question - 1 to 7- on the Application Form will be assessed by two Assessors. The seven questions are weighted equally and make up 50% of the final mark
- The Assessor will review and assess, against defined criteria, any research and development, capital expenditure and skills projects as part of an Application proposal.
- The Assessors are required to complete and submit a score-sheet with comments for all Applications they are assigned to assess.
- The Application will need to achieve for the project assessment a minimum threshold mark of 35 out of 50 marks to be put forward for the financial assessment.
- Each Application assessed will be moderated to ensure consistency.
- The results of this project assessment will be included in the report to the Investment Board.

4.2.3 Full Application - Financial Assessment

- Each Application is assessed by a Finance Birmingham finance assessor who will assesses questions 8-10 of the Application Form and undertakes a financial assessment to determine the Applicant's financial strength and their justification for the type and level of funding being requested.
- The Application will need to achieve, for the financial assessment, a minimum threshold mark of 35 or more out of 50 marks to be put forward for further consideration.
- Each Application assessed will be moderated to ensure consistency.
- The results of the financial assessment will be included in the report to the Investment Board.

4.2.4 Full Application – State Aid

- Each Application will be reviewed for compatibility against State Aid regulations applicable to this Programme.
- The results of the State Aid assessment will be included in the report to the Investment Board.

Before the project, financial and State Aid assessors complete their assessment scores and assessment comments they will conduct a face-to-face meeting with the Applicant(s) to better understand the project and to seek additional information or clarification on information that has been supplied. Written requests for any additional information will be sent out by the AMSCI Programme Team with a set deadline for its return.

All Applications will be assessed on individual merit in accordance with the responses to questions set out in the Application.

4.2.5 Investment Board

The Investment Board will meet on a monthly basis to discuss and consider for funding all those Applications that have passed the scope gateway question and achieved a minimum threshold level of 35 marks out of 50 in both the project and financial assessments. The Board retains the right of decision over scope (whether a proposal is in or out of scope) and whether the proposals meets the required assessment criteria required by the Programme in absolute terms with respect to selecting those Applications for funding. The Investment Board may take a decision to defer a decision on an Application in those circumstances where it wants to obtain a greater level of granularity in a number of areas contained within the Application documentation in order to be able to satisfy themselves that the Application meets the assessment criteria. To meet this objective the Applicant(s) would be asked to provide clarification and or further information on particular aspects of their Application, which will be re-considered by the Investment Board.

Notification and Post Notification Process

5. Notification and Post Notification Process

5.1 Notification

Following completion of the assessment of the Applications, the Applicant(s) will be informed by email by Birmingham City Council of the outcome of the Application process.

The results of the Programme will be publicised and this activity includes engagement with the media.

Any Applicant(s) that wishes to publicise their project, at any stage, must contact Birmingham City Council before doing so.

5.2 Feedback

Feedback will be made available to successful and unsuccessful Applicants, approximately three weeks from the date of notification. This will be provided by Birmingham City Council. No additional feedback will be provided and there will be no further discussion on the Application.

5.3 Conditional Offer Letter

Successful Applicants will receive a "Scheme Conditional Offer Letter" from Birmingham City Council, which will set out the terms and conditions that apply to the loan and/or grant and any preliminary conditions that have to be met before any payments can be made. This will usually include:

- A requirement for an up to date project delivery plan which demonstrates the participants' ability to achieve the milestones, including employment outcomes, which will be set out in the offer letter.
- A parental guarantee or parental undertaking to support an Applicant which is part of a group.
- Provisions on publicity.
- Compliance with State Aid regulations.
- Confirmation of loan repayment terms including payment of arrangement fees (where relevant).

Confirmatory due diligence will be undertaken, which may include a request for a report certified independently by a person or body approved by Birmingham City Council, the cost of which would be borne by the Applicant. The report would need to comment on the key provisions in the "Scheme Conditional Offer Letter" (conditions precedent) such as sources of funding or compliance with State Aid legislation. Birmingham City Council and Finance Birmingham will review the due diligence 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 project cost review is completed.

If the Applicant(s) does not respond by the deadlines stated in the Conditional Scheme Offer Letter, the conditional offer will be withdrawn and funding will not be provided.

If the Applicant(s) wishes to make changes from the original Application, these will be reported to the Investment Board for its consideration. If these changes are considered to be material, the Board reserves the right to not accept these changes, resulting in the conditional offer being withdrawn and funding not provided. A material change occurs when an Applicant wishes to make changes to the project as originally approved by the Investment Board that:

- Significantly changes the amount of the project
- Significantly changes the scope of the project
- Significantly reduces the amount of private sector leverage into the project
- Significantly changes the number of jobs created and or safeguarded
- Changes or removes a consortium member or lead partner

Upon completion of these checks and receipt of the requisite documents, a "Scheme Offer Letter" will be issued by Birmingham City Council.

5.4 Monitoring and Claims

A project monitoring officer will be appointed by Birmingham City Council to liaise with the Applicant(s) on a regular basis and the project may be inspected or additional information requested. Claims for instalments of loans/grants will be made by submitting a loan/grant claim (pro formas will be made available). Claims will need to be verified by an independent accountant, usually on an annual basis. Eligible costs will be set out in the Scheme Offer Letter.

Any grant element approved can be claimed three months in arrears and will only be paid once the necessary reporting and audits have been completed. All claims must be signed off by the Applicant's Finance Director or a suitably authorised official of the Applicant(s). Claims will be paid directly to the Applicant(s).

Loans will normally be paid in tranches as set in the Scheme Offer Letter.

It is important that Applicants plan their cash flow requirements to ensure that they can accommodate the funding required for the project.

Funding is not retrospective and claims can not be made for costs incurred before the formal approval date.

All successful Applicants will be required to produce three months' claims (where required for grant funding) and three-monthly monitoring returns outlined in the Scheme Offer Letter. Outputs will be monitored and must be reported against Programme criteria. Applicants will be subject to visits with regular review and monitoring against plans submitted as part of the Application.

Monitoring of projects will be undertaken by Birmingham City Council in conjunction with Finance Birmingham and may involve site visits, submission of three-monthly monitoring/progress reports, evidence of expenditure and jobs created and/or safeguarded.

Further Information

6. Further Information

For further information on the competition, application, finance and assessment process, please refer to the following:

- Programme Website

<http://www.financebirmingham.com/amsci/wmlcr> provides information on the Programme, including a list of Frequently Asked Questions (FAQs) relating to this Programme.

- Programme Helpline

All enquiries regarding the Programme should be directed to the AMSCI Programme Management Team, which will receive and respond to all queries, information requests and points of clarity regarding this Programme. Queries can be submitted as follows

Email: enquiry@financebirmingham.com

Tel: **0121 233 4917**

Note: Complaints regarding the Programme process (not the Programme 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>.

The Investment Board's funding decision is final and no correspondence will be entered into regarding that decision.

Part three - Forms & Submission Requirements

7. Completion of the Expression of Interest and Full Application Form

This section will guide you through the completion and requirements of the Expression of Interest Form and Application Form.

The Expression of Interest Form is structured as follows:

- Applicant details
- Summary of proposed project
- Other sources of public funding
- Key financial data
- Outline of project

The focus of the Expression of Interest Form is to provide outline answers to questions 1, 2, 3, 8, 9 and 10 of the criteria questions. It will be assessed according to answers that are provided to these questions.

The Application Form is structured as follows:

- Application Details
- Summary of Proposed Project
- Gateway Question: Scope
- Section 1 – The Project Proposal (the business case)
- Section 2 – Project Details (the project)
- Section 3 – Funding and Added Value
- Public Description of the Project
- Other Funding From Public Sector Bodies
- Finance Summary Table
- State Aid Compliance

For the full Application, in addition to the Application Form, you must also complete the Financial Appendices and Application Appendices in support of your Application. Details are available in Sections 8 and 9 respectively.

Section 1 to 3 of the Application Form, address 10 specific project questions; the first section has four questions and the other sections each have three. These are listed in the following tables with guidance notes. When you submit your Application Form, it will be assessed according to its ability to meet these requirements. The first seven questions will be scored by the project Assessors. The final three questions will be scored by the financial Assessor.

It is important that you address and respond to each question clearly. To assist and guide you through the questions, the guidance below provides an explanation of what is required of each question. The guidance notes are not intended to be exhaustive; 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 encouraged, therefore, to utilise fully all available space and any appendices at your disposal.

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 will not be assessed.

Please be aware that the Programme process will only put forward the submission received. It is therefore your sole responsibility to ensure you send the Application Form intended for submission and assessment and do not submit a blank or incomplete Application 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 Expression of Interest Form and Application Form:

You may only use the Expression of Interest and Application Form provided.

The Expression of Interest Form and the Application Form contain specific fields and it is important that you complete each field and present a fully completed form. Incomplete forms risk being rejected.

The Expression of Interest and Application Forms must not be altered, converted or saved as a different version of Microsoft Word. The space provided in each field of the form is fixed and you must restrict the content of your responses in each of the fields to the space provided. The typeface, font size and colour must not be changed. Illustrations and graphics must not be included in the Application Form.

Please check your completed Expression of Interest and Application Form in PRINT VIEW: any text that can not be seen in this view or when the form is printed will not be assessed.

Completing the Application Details

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

Question	Guidance
Programme name	This field will show the full name of the West Midlands and Liverpool City Region Programme to which the form applies. You should not change this information.
Project title	Enter the full title of the project. Sector Select the sector (automotive or aerospace) which most closely fits your project.
Funding Type	Select the funding for the project from the selection list. This will be either "Loan", "Grant" or "Loan and Grant".
Estimated start date & duration	Please indicate when you would like to commence your project along with the proposed duration of your project.
Applicant or Lead Applicant name	Enter the full registered name for the Applicant or Lead Applicant and the company number if applicable (as provided by Companies House). The Applicant or Lead Applicant will be the main point of contact for the project.
Applicant or Lead Applicant contact details	Enter the full name, postcode, email address and telephone number of the main point of contact between Birmingham City Council and the Applicant.
Document ID	This will be added by Birmingham City Council
Applicant Number	This will be added by Birmingham City Council
Appendices	The specific requirements for Appendices are provided in Section 9 of this document.

Summary of Proposed Project (Not Scored)

Question	Guidance
<p>Please provide a short summary of the content and objectives of the project and how it will deliver economic growth, including addressing market failure¹, increasing manufacturing capacity, creating and or safeguarding jobs and promoting collaboration within the supply chain.</p>	<p>This is an opportunity to provide a short summary of the key objectives and focus areas of the project. It is important that this summary is presented in reference to the main outline of the project, with sufficient information to provide a clear understanding of the overall vision of the project and how it addresses the objectives of the fund.</p> <p>This outline is not marked, but provides a summary of your proposal for the benefit of the Assessors.</p>

1. A market failure is where the market, by itself, is not leading to an economically efficient outcome.

Gateway Question: Scope (Not Scored, Yes/No Answer)

Important Note:

If both the Assessors consider that the answer to the Scope Gateway question is “No”, then the Application will not be accepted for funding. Guidance on the ‘Gateway – Scope’ question is critically important and is provided below:

Question	Guidance
<p>How does this Application align with the specific Programme scope?</p>	<p>You should note that where appropriate you should repeat information from the main Application. All Applications must align with the specific Programme criteria as described in the scope of the Programme, as outlined in this Guidance under Overview of the Programme (Section 1.3).</p> <p>Note: To demonstrate alignment, you need to reflect that a clear majority of the project's objectives and activities are aligned with the specific Programme. In forming their judgment on this, the Assessors 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 the Programme.</p>

Section 1: The Project Proposal (the business case)

Question	Guidance
<p>1. What are the commercial opportunities that this project proposal opens up for the Applicant(s) and its supply chain?</p>	<p>State how new or existing market or business opportunities will be gained through the proposed investment and by whom. You should also describe the size of the market opportunities that this project might open up, including details of;</p> <ul style="list-style-type: none"> • current nature of the specific market(s); • the barriers to entry of new suppliers or competitors to the market; • the dynamics of this market including quantifying its current size, actual and predicted growth rates; • the projected market share(s) for the intended project outcomes, with justification in the light of any potential competitors; • the potential to create value added for the UK; and • what is the export potential resulting from this project? <p>You should provide evidence for your statements about the addressable market for project outcomes and outline your strategy for developing market share.</p> <p>Applicants will need to demonstrate commitment from members of the supply chain and specifically Prime or Tier 1 companies. This should preferably be in the form of financial commitment and/or formal contractual relationships.</p>
<p>2. How will the project proposal address the development of your business and its supply chain?</p>	<p>You should outline how the project will develop your business or businesses within the consortium and how this will support the wider supply chain. You should specifically focus on the market failure that it will address (i.e. the market by itself is not leading to an efficient outcome and government intervention can be justified). For example, there may be benefits to a project which go wider than the Applicant(s) considering investing in it. The Applicant(s) may not invest or invest as much as is desirable from a wider sector or economy perspective.</p> <p>You should describe the nature of the problems or issues facing you and your supply chain(s) and/or customers and how specifically the intended investment and project activities will address these problems and issues, in particular why the proposed sources of support are required;</p> <ul style="list-style-type: none"> • capital equipment and the development manufacturing process and /or • working capital and /or • R&D and/or • training and/or skills development. <p>You should describe the impact in terms of improvements in expanding/strengthening the supply chain through increased participation in tendering and partnership opportunities considering both home and export markets.</p>

	<p>You should quantify the potential exploitable outputs of the project such as;</p> <ul style="list-style-type: none"> • products or services; • processes; • skills; • infrastructure; and • promote collaboration (e.g. with other suppliers or knowledge base institutions such as universities or Catapult Centres). <p>You should also set out why these impacts will be additional and will not displace existing or other potential outputs from other activity by others in the industry.</p>
<p>3. How will the project proposal lead to new job creation and or safeguard existing jobs and over what timescale?</p>	<p>You should identify clearly the impact of the project on jobs that will be created and/or safeguarded per year directly and indirectly through the supply chain for the duration of the funding proposal.</p> <p>You should give evidence to justify the expected impact on employment and also describe the type of jobs likely to be created or safeguarded and how they are related to particular aspects of the project.</p> <p>You should identify why this impact on employment is additional to what would have occurred without this project.</p>
<p>4. What other wider economic, social and environmental benefits, is the project expected to deliver to those inside and outside of the supply chain and over what timescale?</p>	<p>Your response should consider and include benefits to those organisations inside and outside of this Application and you should make a clear distinction between the two.</p> <p>Economic – This is the real impact the project has on its economic environment. Here you may refer to;</p> <ul style="list-style-type: none"> • skills or training activity that will lead to additional improvements in efficiency and address skills gaps; • training activities that fit alongside or complement any existing skills funding package or apprenticeship activity already underway in the sector. (For example, training towards accredited qualifications or Apprenticeships Frameworks is most likely to be able to demonstrate progress to address skills gaps. Training and related costs that organisations are already required to meet such as health and safety or professional membership fees are unlikely to be able to demonstrate additional value-added from public funding); • potential knowledge “Spillovers” (benefits that accrue to organisations outside of the Application) from R&D activity and how existing or proposed networks or channels will support the transmission of these benefits across the supply chain; and • any other expected “Spillover” benefits which will accrue to those external to the project including benefits to users (intermediaries and end users), suppliers, the broader industrial markets and the UK economy.

The Application should identify and quantify where possible the benefit to each of the beneficiaries.

Social - You should quantify any expected social impacts, either positive or negative, on, for example, the quality of life, social inclusion / exclusion, education, public empowerment, health and safety, regulation, diversity, and any expected impact on Government priorities.

Environmental – You should explicitly identify all sustainability benefits as a result of the proposed project. Truly sustainable development balances economic growth with social impacts and benefits and the protection of the environment. You should demonstrate how you will benefit or at the least do no harm and curtail environmental impact. For example, this could include careful management of energy consumption and reductions in carbon emissions whilst reducing manufacturing and materials waste as well as rendering waste less toxic before disposing of it in a safe and legal manner (cradle to grave) or re-manufacturing (cradle to cradle).

Section 2: Project Details (the project)

Question	Guidance
<p>5. How does your project demonstrate vision, innovation and impact?</p>	<p>You should show how your project will help develop a globally competitive supply chain. You will need to show how your project fits within the wider strategic context of sectoral ambition to become world-class. In answering this section you should provide evidence, where appropriate of;</p> <ul style="list-style-type: none"> • measureable impact on competitiveness and economic growth within your sector or supply chain; • the scale and complexity of the project and how it will have a genuine significant impact on competitiveness preferably at a sectoral level; • the contribution the project will make to innovation and technology development (including low carbon benefits); • the project's ability to increase UK manufacturing capacity, capability and efficiency; • the project's ability to raise skill levels or close skills gaps; and • the positive economic and employment benefits, which support rebalancing the economy and growth. <p>Describe the evidence you have to substantiate your belief that the intended work is visionary and innovative. This could include the results of competitor analyses, market research/ evidence or academic studies etc.</p>

<p>6. How will the project be managed taking account of the known risks to ensure successful delivery?</p>	<p>You should provide an overview of the activities to be carried out. Describe the main areas of activity together with their resource and management requirements.</p> <p>If yours is a collaborative bid with other partner Applicants describe arrangements for managing the consortium to ensure successful delivery of the project, as well as ongoing benefits.</p> <p>In evaluating this the Assessors will consider whether;</p> <ul style="list-style-type: none"> • commitment from supply chain members has been sufficiently demonstrated and if necessary arrangements are in place to secure on-going commitment; • the project plan is sufficient in comparison to the complexity of the project. For example, is there sufficient detail to understand the tasks involved and the resources required; • the timing of key milestones is realistic; • clear management reporting lines have been identified and are clear; and • other relevant bodies have been involved in developing the project (e.g. Sector Skills Council if a training element). <p>You will also need to identify key project risks and demonstrate that appropriate management arrangements have been put into place to mitigate these risks to promote successful project delivery.</p>
<p>7. Does the Applicant(s) have the right skills and experience and access to facilities to deliver the identified benefits?</p>	<p>You should detail the track record of the Applicant(s) in undertaking similar projects to demonstrate capability.</p> <p>In evaluating this, the Assessors will consider whether:</p> <ul style="list-style-type: none"> • you have demonstrated sufficient resource commitment and capability to undertake the project; • the Applicant(s) has/have the right available mix of skills and experience to deliver the project successfully; • there is ability to deliver extra benefit demonstrated from the collaboration, for example, increased knowledge transfer; and • track record of managing previous similar projects and associated funding.

Section 3 Funding and Added Value

Question	Guidance
8. What is the level of funding commitment that is required for the project?	<p>You will need to provide evidence of;</p> <ul style="list-style-type: none"> • the total costs of the project, including its key component parts (as referenced below); • why the amount required is the minimum to successfully deliver the project; and • why the full amount required cannot or would not be funded from the Applicants' own resources/ability to raise mainstream funding. <p>You should also provide evidence that the breakdown of the budget into its component parts is realistic.</p>
9. How does financial support from this fund add value?	<p>You will need to provide evidence of;</p> <ul style="list-style-type: none"> • the total amount of investment levered into the project from non-government sources; • that success in the Programme will increase the total amount of resources the Applicants themselves will invest in value-adding activity in the UK; • that the support will not replace or displace existing or planned investment from the Applicants or from other sources; and • how funding from this Initiative would allow you to undertake the project differently, why it wouldn't happen without public funding and why this would be beneficial to the UK.
10. What form of funding is required (loan/grant) and what is the justification for this type of funding?	<p>Applicants will need to provide evidence of why the type of support being sought (loan, grant or a combination of both) is the most appropriate form of support for the project. You should explain how you have taken account of the project's financial returns in deciding on the form of support. You should explain and provide evidence of how this form of support best addresses the challenges or market failures that the project is trying to address and describe the wider benefits from which you expect your supply chain to benefit from, beyond the project financial returns.</p> <p>Where a loan is requested Applicants should demonstrate their ability to service the loan over the repayment period (up to 31st March 2019).</p>

Public Description of the Project (Not Scored)

Question	Guidance
<p>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.</p>	<p>To comply with Government practice on openness and transparency of public-funded activities for projects in receipt of loans 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. Whilst this section is not assessed, provision of this public description is mandatory. Funding will not be provided to successful projects without this.</p>

Finance Summary Table Completion

Question	Guidance																
<p>Column 1 Applicant name</p>	<p>Please provide the full names of the Lead Applicant and other Applicants in the project consortium (organisation names as noted in Companies House for example).</p>																
<p>Column 2 Company Registration Number (if applicable)</p>	<p>Please provide the Company Registration Number (as noted in Companies House).</p>																
<p>Column 3 Enterprise Category</p>	<p>Please select your Enterprise Category.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Enterprise Category</th> <th style="text-align: left;">Head Count</th> <th colspan="2" style="text-align: left;">Turnover or Balance</th> </tr> </thead> <tbody> <tr> <td>Medium</td> <td>< 250</td> <td>≤ € 50m</td> <td>≤ € 43m</td> </tr> <tr> <td>Small</td> <td>< 50</td> <td>≤ € 10m</td> <td>≤ € 10m</td> </tr> <tr> <td>Micro</td> <td>< 10</td> <td>≤ € 2m</td> <td>≤ € 2m</td> </tr> </tbody> </table>	Enterprise Category	Head Count	Turnover or Balance		Medium	< 250	≤ € 50m	≤ € 43m	Small	< 50	≤ € 10m	≤ € 10m	Micro	< 10	≤ € 2m	≤ € 2m
Enterprise Category	Head Count	Turnover or Balance															
Medium	< 250	≤ € 50m	≤ € 43m														
Small	< 50	≤ € 10m	≤ € 10m														
Micro	< 10	≤ € 2m	≤ € 2m														
<p>Column 4 Postcode</p>	<p>Please provide the postcode of the Lead Applicant and each of the partners in the project. Please ensure this is the accurate and full postcode of the Applicants.</p>																
<p>Column 5 Contribution to the project by each organisation (£)</p>	<p>Please list the total contribution to be made to the project by each Applicant as appropriate.</p>																
<p>Column 6 Amount of Grant sought (£)</p>	<p>Please enter the amount of grant funding sought from this Programme.</p>																
<p>Column 7 Amount of Loan sought (£)</p>	<p>Please enter the amount of loan funding sought from this Programme.</p>																

Column 8 Other funding from public sector bodies	Please include any funding for the project from public sector bodies for which you have applied separately, and not as part of this Programme. Funding from other Public Sector Bodies might include other Applications to Research Councils, other Government Departments, Devolved Administrations, Public Sector Organisations, European Commission programmes and some Charities. The purpose of this column is to provide information on the total funding for the project.
Column 9 Total (£)	The total cost of the project – this is the sum of columns 5, 6, 7 and 8 and will be entered automatically.
Bottom Row Total (£)	The total of each column will be entered automatically.

State Aid (Assessed but not part of the scoring)

Question	Guidance
State Aid Question: How does this Application comply with the State Aid requirements of this Programme?	<p>To comply with State Aid, provided aid can be fitted into the different categories set forth in GBER and kept to the individual limits also set out, the aid may be given without the need for individual Commission notification. A non-exhaustive table of the most commonly used GBER aid methods is available on the FAQ section of the www.financebirmingham.com/amsci/wmlcr website page.</p> <p>Whilst this section is not assessed, provision of this information is required. Applications will not be considered if this information is not provided.</p>

Financial Appendices

8. Financial Appendices

It is a requirement that Applications are supported with the submission of a number of appendices including finance forms.

If you are submitting an Application along with other Applicants (partners) in a consortium, you will be able to obtain your finance form from your Lead Applicant who will obtain it from the website. Once completed, each of these forms should be collated and then submitted by the Lead Applicant.

Finance forms must be submitted for every Applicant in the consortium, irrespective of the sums requested or the scale of their involvement.

Where the bid is collaborative, these should be submitted by the Lead Applicant and should consist of:

- Applicant Finance Form (one for every industry partner)
- Academic Partner Finance Form (one for every academic partner)
- Je-S Submission output document (PDF) (one for every academic partner)
- Finance requirements consisting of (for every non-academic Applicant):
 - > Two years audited accounts and, where the Applicant is part of a group, consolidated group audited accounts, or
 - > For new business start ups you will need to provide a company business plan and related financial projections for 2-3 years.

Key Tips:

Please be aware that the Programme process will only put forward the submission received. It is therefore your sole responsibility to ensure you send the Application Form you intend the Programme Assessors to receive. It is your responsibility to check you do not submit a blank or incomplete finance form.

8.1 Applicant Partner Finance Form

- A separate form must be submitted for each industry partner.
- Industry partners may only use the Applicant Partner Finance Form obtained from the Programme specific website.
- The Lead Applicant should distribute this form to all industry partners (if appropriate) for completion. The form is an Excel spreadsheet and must not be altered or converted in any way.
- Each industry partner completes their own form for their own costs. Each form should therefore not include the costs of any other partner within the project.
- Academic partners (if appropriate) should submit their financial details via the Je-S system as described in Section 8.2 of this document.
- Once completed, finance forms should be submitted for every industry partner with the Application documents.

Excel Worksheet	Guidance
Application Details	<p>Enter the information requested about the Applicants and the project. It is particularly important that the name of the Applicant(s) is completed with the full legal name of the Applicant as this is what will appear on the Scheme Offer Letter if you are successful.</p> <p>If your organisation is part of another organisation it is important that the 'Ultimate holding organisation details' section is completed fully and correctly in order to establish your organisation's funding size for State Aid purposes.</p> <p>Complete the SIC code appropriate to your Applicant: a full list of SIC codes is provided on the final worksheet.</p>
Other Public Funding	<p>You must provide details of other public funding that you are currently applying for, or have already applied for, in relation to this particular project.</p> <p>Do not include grants that have been used to reach this point in the development process and are now completed. This data is important as other public sector support is counted as part of the funding you can receive for the project.</p>
Other Projects	<p>Provide the competition name and applicant numbers of all the competition projects your organisation has been involved with in the past AND any other Applications you are making to this Programme for other projects.</p>
Uses of Funding	<p>Each Applicant should fill out the expenditure schedules that are relevant to the project on this worksheet.</p>
2003 SIC Codes	<p>A complete list is provided to assist you in completing this field on the Applicant's details worksheet.</p>

8.2 Academic Partner Finance Submission

Every academic participant in research and development activity must complete and submit an on-line "Standard Proposal" via the Research Councils' Joint electronic Submissions website (Je-S) by the deadline detailed in the timeline for this Programme. Failure to do so could result in the whole Application becoming ineligible.

Guidance on how to submit the on-line form is provided in Appendix 2. For the Je-S requirements see the Je-S website at <https://je-s.rcuk.ac.uk>. Once forms have been submitted via Je-S it is not possible to resubmit them.

Academic Applicants must use the Je-S system to calculate and submit their financial information, where project costs are calculated on the basis of Full Economic Costs (FEC) as defined by the Research Councils. Funding for successful projects will be provided at 80% of Full Economic Costs (FEC), in line with Research Council Funding. Project costs should be calculated at year one levels without indexation. If the application is successful, academic partners will have their costs defrayed as set out in section 5.4.

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 partner to provide any of that 20% to the academic.

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 partner so that they can complete the finance table in the Application Form, enter the data into the Academic Partner Finance Form and submit the PDF document with the Application.

Organisations eligible to be considered as academic collaborators are:

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

If an Applicant is not registered on the Je-S system, they must use the Applicant Finance Form instead of the Academic Partner Finance form.

Not-for-Profit RTOs are:

- RTOs that are, or that are constituent parts of, a charity registered with the Charities Commissions; or
- Associations that are eligible for exemption from corporation tax under section 508 of the Income and Corporation Taxes Act 1988; or
- 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.

Catapults are eligible Applicants, however, they will need to be clear on their contribution to the project and what they will do with the outcomes of the project that they generate.

Project Appendices

9. Project Appendices

9.1 . Project Appendices

You are required to submit these appendices with the Application Form. It is important to note that these are intended to contain supporting information and not duplicate substantive elements of the Application Form criteria answers. Therefore please do not use the Appendices as an overflow to the Application Form.

So that assessors are able to open and read the appendices, each appendix must:

- Conform to the maximum length specifications listed below.
- Be submitted in one of the following formats: MS-Word (.doc), MS-Excel (.xls), MS-PowerPoint (.ppt) or Portable Document Format (PDF).
- Be legible at 100% zoom / magnification.
- Display prominently the 'Project title' as entered on page 1 of the Application Form.
- Be named per the specifications given in appendix 1 of this document.

In the event that you submit additional appendices outside the length specifications below, these will simply be truncated from the document and discarded; they will not be forwarded to assessors or be assessed in any way.

Appendices may be printed or photocopied in black and white, so colour should not be used as the sole method of conveying important information.

Appendix	Guidance
Appendix A	Up to 5 sides of A4 This should be used to provide additional information to address Section 1 of the Application Form: The Project Proposal. You may also wish to include graphics describing the nature of the problem, market dynamics and/or exploitation plans.
Appendix B	Up to 10 sides of A4 This should be used to provide further information to address Section 2 of the Application Form by providing a detailed project delivery plan. This should identify the outputs/outcomes and milestones (for all delivery partners) as set out in the project proposal, a detailed financial breakdown, a detailed breakdown of the project into individual packages of work (work packages) with assigned estimates of the resources and timescales needed to achieve them, a Gantt chart (or similar), risk analysis table, project management structure and/or details of evidence for innovation.

Appendix C	Up to ½ side of A4 for each partner and subcontractor. This should be used to provide details of the specific expertise and track record of each consortium partner and each subcontractor to address Question 7 of the Application Form. Academic collaborators may wish to refer to their research standing.
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**Part Four -
Supplementary Information**

10. Appendix 1 – Submission of Documents

File naming & format conventions

- Your files must be named as follows:
 - > Documents submitted for optional review must begin with DRAFT and include the Applicant name.
 - > Your fully completed submission documents must begin with FINAL and include the Applicant name.
 - > Appendices must begin with APPENDIX and include the appendix reference of A, B, C or D plus the Applicant name.
 - > File names should only be made up of Alpha Numeric characters – do not include any other signs or symbols.

- File formats must follow the conventions listed below:
 - > Files should not be converted, encrypted or zipped.
 - > Application form should be saved as a Word document (.doc) or (.docx). Application forms must not be converted and submitted as a pdf document.
 - > Finance forms should be saved as a Excel document (.xls) or (.xlsx).
 - > Appendices must follow the requirements listed in Paragraph 9 of this document.

For Further Information

call: 0121 233 4917

email: enquiry@financebirmingham.com