



Department
for Business
Innovation & Skills

 Regional Growth Fund

GUIDANCE FOR APPLICANTS

TOOLING LOAN FUND

March 2014



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1. Background Information

1.1 Background to the Tooling Loan Fund

In July 2013 the Secretary of State announced the allocation of £12m from the Government's Regional Growth Fund (RGF) towards the creation of a Tooling Loan Fund to provide additional funding for tooling in recognition of the essential part that it plays in the manufacturing process. Of this allocation £7m is available on a national and £5m is available on a regional West Midlands basis.

This RGF contribution of £12m is being matched by The West Midlands Metropolitan Authorities Pension Fund (WMPF) thereby creating an overall £24m Tooling Loan Fund with £14m and £10m being available on a national and regional West Midlands basis respectively.

The Tooling Loan Fund builds upon the work undertaken to date by the Automotive Council, the British Bankers Association (BBA) and the wider financial services industry that has helped to improve the understanding of the issues and challenges around accessing finance for tooling and in the development of new initiatives such as the creation of this Fund.

Funding of £24m from both the RGF and WMPF constitutes the Tooling Loan Fund which is referred throughout these applicants' guidance notes as the 'tooling funding programme'.

Finance from this tooling funding programme is open to applications from manufacturing companies to help them to finance the provision of tooling into their respective manufacturing processes. Explanations and examples are drawn from the automotive industry as a means to illustrate the role and purpose of the tooling funding programme.

Birmingham City Council and its delivery partner Finance Birmingham are working together to deliver this £24m tooling funding programme.

1.2 Tooling in the Manufacturing Process

A brief description of how tooling fits into the manufacturing process.

Companies assembling or distributing finished products to retail markets are usually at the top of the manufacturing process and are often referred to as "prime" companies (e.g. OEMs – original equipment manufacturers). Primes are often involved in the overall design of a product as well as in the R&D stages. They normally procure assembled components / systems from Tier 1 (T1) part manufacturers (which supply the primes directly). T1 suppliers either obtain their parts by manufacturing them themselves or from Tier 2 – n (T2-n) manufacturers, who tend to be mid-sized businesses and SMEs.

A "tool or mould" is used within a machine facility for shaping and forming or machining, it can also involve cutting, boring, grinding, shearing or other forms of deformation to produce individual parts (e.g. car bonnet, wipers etc.) that go into the manufacturing process. The tool is the equipment whose design and manufacture is dictated by the form and function of the Primes (which includes OEMs).

T1 and T2-n part manufacturers either manufacture the required tooling themselves or subcontract this to a specialist tool maker supplier (Tier 3). This tool (when it is completed) and the machine tool

are normally located at a part manufacturer's site in advance of the part being supplied to the Primes who manufacture the vehicle. Due to the tool's importance the OEMs ultimately own the tooling to protect future supply and the intellectual property of the part.

Successful recipients of funding from this tooling funding programme will be those that can prove that their need for funding for tooling cannot be wholly met from other suitable funding sources and that it will contribute towards the creation of new jobs and or the safeguarding of existing jobs (this means the number of existing jobs that would be made redundant unless funding is received for this tooling project. This means a job(s) that would have been lost without provision of the funding within 12 months from the date the applicant first receives the funds).a job, which a successful recipient will need to confirm in writing, would be lost within 12 months from the date which the recipient would first receive funds without the provision of such funds).

1.3 Financing Tooling

Primes and their manufacturing supply chain are experiencing a prolonged period of growth expanding both capacity and adding new manufacturing programmes for England based assembly plants and this is causing a corresponding increase in demand for tooling.

However, due to the following;

- The long time lines for OEMs to pay for tooling, in some cases up to 24 months, are causing increases in the level of working capital that is being required by the part manufacturers / tool makers to fund these additional orders. In many instances, the part manufacturer / toolmaker cannot provide this additional funding from their own resources and, therefore, they have to approach their existing or new finance providers for this additional funding. This factor also impacts on the part manufacturer's / toolmaker's ability to show to a finance provider their ability to service their additional funding requirement.
- A major shift in the way that finance for working capital is provided to manufacturing companies. The historically favoured model of bank loan/overdraft facilities have been systematically shifted to a more secure (to the finance provider) form of revolving finance; typically in the form of factoring/invoice discounting. However, this form of finance for working capital has a number of specific constraining factors which limits the provision of funding for tooling.
- The lack of the ability to pledge the tool as security for the additional finance being requested, as the part manufacturer / toolmaker that incurs the cost of building the tool does not normally own the tool, ownership of the tool is committed to the OEM and the tool only retains its full order value to that OEM thus there is no alternative resale value beyond scrap value.

it is proving difficult to finance the provision of tooling and this is having a knock on impact on the ability of part manufacturers / toolmakers in the supply chain to finance their ability to secure new orders and create new / safeguard jobs by locating associated production capacity within England.

The aim of the tooling funding programme is, by working with finance providers and manufacturing companies, to provide a specialist source of finance for tooling that understands the particular issues of funding tooling and can provide funding for tooling alongside additional finance from the businesses' existing or new finance providers. It also seeks to increase the potential growth of the

manufacturing sector and create sustainable new jobs opportunities as well as safeguard existing jobs.

1.4 Operation of the Tooling Funding Programme - Scope

Potential recipients of finance from this tooling funding programme will be from one of the following:

- Toolmakers that are either tendering for/received a confirmed order for the manufacturer of a tools (in either case, they will need to provide evidence that they have a confirmed order). The toolmaker as the applicant would be applying for the funding of the tooling.
- Part manufacturers that are preparing a submission for a manufacturing tender(s) / have received a confirmed order. These manufacturing tenders / confirmed orders may be for larger manufacturing programmes but they have a tooling requirement that is an essential component of the manufacturing programme (in either case, they will need to provide evidence that they have a confirmed order). The part manufacturer as the applicant would be applying for just the funding of the tooling within the larger parts manufacturing programme.
- Part manufacturers / toolmakers that want to increase their own future tooling production capability by investing in their own expansion plans (covering property, plant and machinery and working capital) to meet the expansion of their tooling capacity. The part manufacturer / toolmaker as the applicant would be applying for the funding of the expansion of their tooling capacity.
- Companies that wish to invest in the establishing of a new tool making operation in England which may involve the repatriation of currently overseas based tool making.

The tooling funding programme will only consider those applications for finance that have finance requests which relate directly to expanding tooling capacity and or the manufacturer of a tool(s). It cannot consider applications that help to fund the investment into the expansion of any related manufacturing of parts by the tool nor any related increases in overall working capital in that manufacturing process (as part of them undertaking the larger manufacturing programme).

Applications for finance will need to demonstrate that the tooling activity that is being funded could not be achieved in the absence of funding support being requested from this tooling funding programme.

It is expected that the applicant is either planning to enter into an expansion of their tooling capacity or complete the manufacturer of a tool(s). Since it is considered that both of these instances would normally be funded on purely commercial grounds, but due to the reasons set out in section 1.3 above, the applicant may not be able to secure the total amount of finance required and is looking for the tooling funding programme to make up the funding shortfall. The tooling funding programme would only provide finance in addition to new funding that the applicant has been able to obtain from other funding sources. The tooling funding programme would not provide more than 90% of the total funding required by the applicant for the funding of the manufacturer of a tool(s). It would not normally provide more than 40% of the total funding required by the applicant for the funding of the expansion of tooling capacity, however, in exceptional circumstances this could go as high as 50% of the total of this type of funding required. The tooling funding programme would be seeking to provide at least £50K of loan finance per application and a maximum level of finance of £1m over

any 2 year period subject to the tooling funding programme's own budgetary constraints. There may be exceptional circumstances where this funding limit may be exceeded and this can be discussed as part of the submission of an expression of interest.

For the national tooling funding programme beneficiary applicants of funding from this tooling funding programme must deliver their element of the project's proposed economic benefits in any part of England although applications are welcome from projects which include companies from Northern Ireland, Wales, Scotland and outside the UK. For the regional West Midlands tooling funding programme beneficiary applicants of funding from this tooling funding programme must deliver their element of the project's proposed economic benefits in the West Midlands.

The tooling funding programme will only consider requests for funding directly from beneficiary applicants rather than from organisations who would seek to act on behalf of named or unnamed beneficiary applicants.

Where loan finance is provided through this tooling funding programme, the following parameters will apply:

- Suitable security may be required e.g. a Debenture ranking behind exist Debenture holders.
- The cost of borrowing (interest rate) will be at a commercial rate subject to discussions with the applicant.
- An arrangement fee of up to 1% of the loan amount will be payable by the borrower to meet the administration and documentation production costs and 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 project which for the manufacture of a tool(s) would be expected to be a maximum period of 2 years and for the expansion of tooling capacity all loan repayments would need to be made by May 2019, being 5 years from when the Tooling Loan Fund commenced. The applicants would be expected to specify in their application their required repayment period.

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

The relevant Devolved Administration will be notified of any businesses within their geographic area which have been successful in the application process and they will be responsible for liaising with the applicant to discuss whether financial support is available.

We welcome applications from foreign investors who wish to use this tooling funding programme to establish or strengthen their tooling manufacturing presence in the UK. Any international companies who are interested in this opportunity should get in touch with their existing UKTI contact in the first instance for advice and assistance. Please refer to section 1.8 for further information.

Please note that this Guidance for Applicants is unique to this specific tooling funding programme. It is important that you ensure that you have submitted all the correct documentation referred to in it for your application for funding.

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

The key document to guide you through the application for funding for tooling is this **Tooling Loan Fund - Guidance for Applicants**. This document gives details of the scope, criteria, process and timelines, application requirements, funding rules, funding levels and conditions and finance criteria.

1.5 The Role of the Banks in the Tooling Funding Programme

Birmingham City Council and Finance Birmingham have been in discussion through the joint Automotive Council and the British Bankers Association Finance Group as well as directly with senior representatives of a number of high street Banks in the delivery of this tooling funding programme. It is not anticipated that any resulting loan from this funding programme will have a bearing on your current funding arrangements.

1.6 The Role of the Tooling Customer in the Tooling Funding Programme

Finance Birmingham has also been in discussion with a number of key manufacturing suppliers (OEMs) to discuss this tooling funding programme which would be promoted through their own supply chain contacts.

1.7 Role of Delivery Partners

The Department for Business, Innovation and Skills (BIS) is the policy owner for the tooling funding programme working in collaboration with Birmingham City Council.

Birmingham City Council, the largest local authority in Europe, will act as the accountable body for the tooling funding programme and will be responsible for the overall management of the programme. It will draw on help to deliver the funding programme from a variety of sources, in particular Finance Birmingham, as the key delivery partner, as well as an independent Investment Board which will take the final decision to select successful applicants for funding.

1.8 Opportunities for International Investors

We welcome applications from foreign investors who wish to use the tooling funding programme to establish or strengthen their tooling manufacturing presence in the UK. Companies do not need to be registered in the UK in advance of making an application, provided that they can demonstrate that – if their application is successful – the project activities which the programme will help to finance will take place in England (this does not preclude related project activities not funded by tooling funding programme taking place elsewhere).

There are real opportunities for overseas companies thinking of investing in the UK's advanced manufacturing landscape. These include at least £3 billion per annum worth of automotive supply chain business opportunities for UK based companies supplying into vehicle manufacturers.

The UK has a competitive business environment, and we are working to make it even better. The UK Government aims to create the most competitive business tax regime in the G20, including a corporation tax rate of 21% by April 2014. We are investing in infrastructure, and knowledge and education; and creating a business-friendly approach to regulation. We have four of the world's top ten universities and a high-impact research base.

Together with this, the UK's large and flexible labour market makes the UK an attractive investment location. This is reflected in its excellent record of attracting major foreign investors from all over the world in numerous business sectors.

“London is at the centre of everything, and that's where we want Nissan to be”

- David Godber, Former General Manager, Nissan Design Europe, Advanced Materials

Any international companies who are interested in this opportunity should get in touch with their existing UKTI contact in the first instance for advice and assistance. If you do not have an existing UKTI contact you can be directed to a relevant sector specialist by contacting enquiries@ukti-invest.com or calling +44 (0)207 333 5442.

2. Application Process

2.1 Tooling Loan Fund - Guidance for Applicants

This is the key document to guide you through the application for finance from the tooling funding programme.

2.2 The Expression of Interest (EOI) Form

To begin the application processes you need to initially complete the EOI form and send this back to Finance Birmingham. You can download an EOI form either via the tooling funding programme website www.financebirmingham.com/tooling or by contacting the Finance Birmingham on 0121 233 4903. Please use this number if you require any further assistance or information on the tooling funding programme, documents to download or in navigating through the website.

The EOI form is 3 pages long and asks for details of the business seeking finance, summary of the content and objectives of your project funding request, the level of funding required and details of discussions held with your current or any other future finance provider.

The contents of the EOI form will be reviewed by Finance Birmingham and any initial questions or gaps in the information provided will be followed up with you. You will be provided with feedback as to whether the EOI meets the tooling funding programme's minimum requirements and whether a full application should be submitted (which can also be obtained from www.financebirmingham.com/tooling)

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

There are Frequently Asked Questions (FAQs) available for this tooling funding programme. They can also be found at www.financebirmingham.com/tooling

2.3 Application Form

The application form has the following structure:

- Application details
- Summary of tooling project
- Section 1 – The project proposal
- Section 2 – Project added value
- Section 3 – Funding the tooling project
- Section 4 – Project risks (see requirement below)
- Section 5 - Project plan (see requirement below)
- Public description of the tooling project
- Other funding from public sector bodies.

All applicants need to complete all parts of the application form up to and including section 3, as well as the sections on public description of the tooling project, enterprise categories and other funding from public sector bodies. Section 4 and 5 are only to be completed by the following type of applicants;

- Those that are a part manufacturer and who have a tooling project, which is being submitted for funding from this tooling funding programme, which is about the manufacturer of a particular tool(s) as part of a larger parts manufacturing programme.
- Those that are toolmakers or part manufacturers who have a tooling project which is about increasing their own future tooling production capability.
- Those that are toolmakers or part manufacturers that have a tooling project that is both about the manufacturer of a particular tool(s) as well as increasing their own future tooling production capability.

For the avoidance of doubt section 4 and 5 should not be completed by an applicant who is a toolmaker who is applying for finance from this tooling funding programme for the manufacture of a particular tool(s).

Your application will be assessed on the application documentation that you have submitted and the outcome of subsequent discussions that you may have with members of the assessment panel from Finance Birmingham. 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.

2.4 Timeline of the Application Process

The tooling funding programme will operate on a rolling application basis, subject to the availability of funding from the tooling funding programme itself. The assessment process will be aligned to the monthly meetings of the Investment Board with finance being provided by the tooling funding programme on a first come first served basis.

It remains the applicant's responsibility to ensure you proceed within the tooling funding programme's rules and in doing so allow sufficient time to complete all requirements.

3. Funding

3.1 Funding Available

Up to £24m of funding is being made available for the tooling funding programme made up of £12m from RGF and £12m from WMPF.

In order to ensure that the tooling funding programme is able to work within its budget it is imperative that applicants provide accurate forecasts of expenditure for each financial year of their 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 as soon as possible.

3.2 State Aid Legislation

We have undertaken a detailed review of the tooling funding programmes compliance with State aid and in our opinion the programme is fully compliant. However, should you need to discuss any State Aid issues please raise them with us during the Expression of Interest stage.

3.3 Funding from other Sources and Potential Impact on State Aid

Applications to this tooling funding 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 tooling funding programme 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 total publicly funded support provided to organisations must remain compliant with the 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 project or parts of it, this will be considered as potentially government funding and should be disclosed in the finance table, as part of the application form.

Information on other sources of Government support can be accessed at: <https://www.gov.uk/government/policies/making-it-easier-to-set-up-and-grow-a-business--6>

4. Assessment

Each EOI and full application will undergo an assessment process which will include a project appraisal. 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 Investment Board are confidential and will not be available to anyone other than members of the 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 which will be forwarded to a member of the assessment panel based within Finance Birmingham. Appointed assessors will undertake the following key assessment and review process for each EOI:

- Review against the scope criteria of the tooling funding programme as set out in section 1.4 above.
- Review and assess the quality of the application for finance and the level of finance that is being requested, within the total funding requirement.
- Discuss with applicant any questions or gaps in the information provided.
- 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 tooling project as outlined within the EOI and any areas of concern that would need to be fully considered in any subsequent submission of an application form.

Stage two will be the assessment of the application form which will be forwarded to a member of the assessment panel based within Finance Birmingham. Appointed assessors will undertake the following key assessment and review process for each application form, associated appendixes (such as additional financial information i.e. previous three years annual accounts etc.) as well as the outcome of any discussions that have been held with the applicant and relevant interested parties:

- Review scope question (Summary of Tooling project).
- Review the quality of the tooling project against the questions contained within the application form.
- Review and assess the quality of the application for finance and the level of finance that is being requested within the total funding requirement.

An investment report containing any conditions precedents and proposed loan term conditions 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 Investment Board.

4.2 Tooling Funding Programme's Investment Board (IB)

Finance Birmingham will present the investment report for consideration by the IB 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 further information may be requested from the applicant or representatives of the applicant.

The IB takes the final decision to recommend applicants for finance and retains the right of decision over scope and to whether a request for funding is in or out of scope absolutely, with respect to providing finance.

5. Notification and Post Notification Process

5.1 Notification

The applicant will be notified by email by Finance Birmingham of the outcome of the application process, within two working days after the meeting of the IB.

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

5.2 Feedback

Detailed feedback will be made available by Birmingham City Council to successful and unsuccessful applicants approximately 5 working days from the date of notification. There will be no further discussion on the application.

Unsuccessful applications cannot be resubmitted unless the new application is significantly different from the original submission.

5.3 Conditional Offer Letter

Successful applicants 'beneficiary 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 any preliminary conditions that have to be met before any draw downs can be made. This will usually include:

- A requirement for an up to date project delivery plan which demonstrates the applicants' 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 may be requested in certain circumstances.
- Confirmation of loan repayment terms including payment of arrangement fees.

Confirmatory due diligence may be requested where the beneficiary applicant has applied for a loan in excess of £1m and/or the IB specifically request further investigation into certain aspects of the finances of the beneficiary applicant and/or the beneficiary applicant is seeking funding to increase the tool manufacturing capability of the business. This due diligence may include a request for a report certified independently by a person or body approved by Birmingham City Council. The cost of any such report will have to be borne by the beneficiary 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 work undertaken and or any requested report to ensure that all conditions precedent have been satisfied.

The allocation of finance will not be finalised until all documents are received and satisfactory and the project cost review is completed.

If the beneficiary applicant does not respond by the deadlines stated in the Scheme Conditional Offer Letter, the conditional offer will be withdrawn and finance will not be provided.

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

5.4 Draw Down and Monitoring

A Project Monitoring Officer (PMO) 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 formas will be available) signed by the applicant's Finance Director confirming that they have met any associated preconditions.

An annual independent accountant's reports may need to be provided (this may be your own external accountant) at your own costs to verify that the costs being submitted to support the loan draw down are eligible costs for the delivery of the project as set out in the Scheme Conditional Offer Letter and any subsequent changes as set out in the Scheme Confirmation Letter.

It is important that you plan your cash flow requirements in accordance with the project delivery plan to ensure you can deliver the project as per cash flow projections provided as part of the due diligence process.

In addition to the loan draw down documentation, all beneficiary applicants will be subject to visits and required to produce reports, as required, detailing achievements of milestones against the agreed delivery plan as outlined in the Scheme Offer Letter.

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

6. Further Information

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

Tooling Funding Programme Helpdesk: All enquiries regarding the tooling funding programme should be directed to this Helpdesk, who will receive and co-ordinate responses to all queries, information requests, and points of clarity.

Queries can be submitted as follows:

Tooling Funding Programme Helpdesk: stevehetherington@financebirmingham.com

Tel: **0121 233 4917**

Frequently asked questions can be found on the website: www.financebirmingham.com/tooling

Note: Complaints regarding the tooling funding programme process (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>.

7. Completion of the Expression of Interest (EOI) and 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 tooling project
- Key financial data
- Outline of tooling project to include:
 - Main activities of applicant company
 - Outline of tooling project that funding is being requested for
 - Explanation of how you intend to fund the tooling project
 - Details of the proposed timescales of the tooling project
 - Description of the wider benefits of the tooling project

The purpose of the EOI form is to provide an outline of the tooling project which will provide sufficient information for an assessor, after any subsequent discussion with the applicant company contact, to assess as to whether the tooling project meets the qualifying criteria for funding from the tooling loan programme and to provide appropriate feedback to the applicant.

Application form

The application form is structured as follows:

- Application details
- Summary of tooling project
- Section 1 – The project proposal
- Section 2 – Project added value
- Section 3 – Funding the tooling project
- Section 4 – Project risks (see requirement below)
- Section 5 - Project plan (see requirement below)
- Public description of the tooling project
- Other funding from public sector bodies

All applicants need to complete all parts of the application form up to and including section 3, as well as the sections on public description of the tooling project, enterprise categories and other funding from public sector bodies. Section 4 and 5 are only to be completed by the following type of applicants;

- Those that are a part manufacturer and who have a tooling project, which is being submitted for funding from this tooling funding programme, which is about the manufacturer of a particular tool(s) as part of a larger parts manufacturing programme.
- Those that are toolmakers or part manufacturers who have a tooling project which is about increasing their own future tooling production capability.
- Those that are toolmakers or part manufacturers that have a tooling project that is both about the manufacturer of a particular tool(s) as well as increasing their own future tooling production capability.

For the avoidance of doubt section 4 and 5 should not be completed by an applicant who is a toolmaker who is applying for finance from this tooling funding programme for the manufacture of a particular tool(s).

It is important that the applicant address and respond to each question within each section clearly. To assist and guide you through the questions, the guidance below provides an explanation of what is required by 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. **As you prepare your EOI form and 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	
Field	Guidance
Project title	This allows the assessor to tie up 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).
Applicant Company 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.
Sector	i.e. Automotive, Aerospace etc.
Project Timescales – Estimated start date and duration	Please indicate when you would like to commence your project along with the proposed duration of your project.
Project Finance	What is the cost of the tool project and how much are you seeking from the Tooling Loan Fund towards this.
Job numbers	Total number of jobs, both direct & indirect that will be created/safeguarded by the project.
Final Tool location	Usually the parts manufacturer or the OEM.

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

Application form - Summary of Tooling Project

Important Note:

If the assessor considers that the Summary does not meet scope and criteria of the funding scheme, then the application is deemed not to be eligible for finance from the Tooling Loan Fund. Guidance on the completion of this section is critically important and is provided below:

Question	Guidance
<p>How does this request for funding align with the scope of the Tooling Loan Fund?</p> <p>You should note that, where appropriate, you should repeat information from the main application.</p>	<p>All applications must align with the specific criteria of this Fund, as outlined in this Guidance to Applicants under the Operation of the Tooling Funding Programme – Scope (section 1.4).</p> <p>You should state whether you are seeking to undertake the manufacture of a particular tool(s) order either in isolation or as part of a larger planned manufacturing programme that has a tooling requirement as an essential component and or expanding tool making capacity.</p> <p>Note: To demonstrate alignment, you need to reflect that the project’s objectives and activities are aligned with the Tooling Loan Fund. In forming judgement on this, the assessor 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>

All applicants need to complete Section 1.

Section 1: The project proposal (the business case)

Question	Guidance
1. What is the tooling project that is subject of this finance request.	<p>You should clearly outline details of your tooling project including but not limited to</p> <ul style="list-style-type: none">• Who the end OEM is, where applicable• Who the parts manufacturer is where applicable• Key milestones in the delivery of the tooling project• Are the timing of the key milestones realistic?• How the applicant and the company ordering the tool will monitor satisfactory progress• What process is in place to document this progress and agree that staged milestones have been achieved. Provide evidence of the stage in the procurement process that you are in. <p>Are you seeking to tender for future work or have already received confirmation of an order being placed with you? If so, provide evidence of this.</p> <p>You should detail the track record of the applicant in undertaking similar tooling projects to demonstrate capability. In evaluating this, the assessor will consider whether:</p> <ul style="list-style-type: none">• You have demonstrated sufficient resource, commitment and capability to undertake the project.• The project and the applicant have the right available mix of skills and experience to deliver the project successfully.• There is ability to deliver extra benefit demonstrated from the project, for example, increased knowledge transfer.• There is evidence of a track record of managing previous similar projects and associated funding.

All applicants need to complete Section 2.

Section 2: Project added value

Question	Guidance
2. What outcomes does the project proposal deliver in terms of new jobs created or safeguarded or any other outcomes?	<p>You should provide details of the number and type of full time equivalent (FTE) direct and indirect 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 tooling 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 project and in any subsequent years.</p> <p>Ensure that you also include:</p> <ul style="list-style-type: none">• Geographical location, citing a relevant postcode where possible.• The quality (in terms of average salary and NVQ level).• The duration, making it clear whether any of these are likely to be sustained beyond the project's end date. <p>You must also provide evidence to support the assumptions which underpin your estimates, including any employment multipliers used. You should also explain why the impact on employment is additional to what would have occurred without the project.</p>
3. How does financial support from this tooling funding programme add value?	<p>You should describe what would happen with regard to the manufacture of the tool if you are unsuccessful in this application. For example, would it still take place in the UK?</p> <p>You should say to what extent the project is internationally mobile and could take place overseas if funding is not awarded. If lost abroad where would the tooling and or subsequent parts be manufactured? You should provide evidence of where this project would be located and the reasons why.</p>

All applicants need to complete Section 3.

Section 3: Funding the tooling project.

Question	Guidance
4. What is the proposed funding requirement of the tooling project and in particular why support is required from the Tooling Loan Fund?	<p>Ensure that all key points and explanations that you wish the assessor to consider are included in the main body of your application form and, where required, in the relevant appendixes (such as additional financial information i.e. previous three years annual accounts etc.) as stated below, as these are key documents used within the assessment process.</p> <p>You should explain why you are seeking funding, setting out clearly the reasons why you are not able to finance the full cost of the tooling project using your own resources or by accessing mainstream funding.</p> <p>In evaluating your answer to this question, the assessor will consider the following:</p> <ul style="list-style-type: none">• Is the total budget and quarterly profile realistic for the scale and complexity of the project?• Does the financial support required fit within the limits set by the tooling funding programme?• What financial commitment is being made by the applicant company.• What is the level of financial commitment from your finance providers such as your Bank?• What are the terms of other finance that is being provided?• Has a realistic budget been provided?• Have any work package breakdowns been described and justified adequately?

Section 4 and 5 needs to be completed by the following types of applicants.

- Those that are a part manufacturer and who have a tooling project, which is being submitted for funding from this tooling funding programme, which is about the manufacturer of a particular tool(s) as part of a larger parts manufacturing programme.
- Those that are toolmakers or part manufacturers who have a tooling project which is about increasing their own future tooling production capability.
- Those that are toolmakers or part manufacturers that have a tooling project that is both about the manufacturer of a particular tool(s) as well as increasing their own future tooling production capability.

Section 4: Project risks

Question	Guidance
<p>5. What are the risks (technical, commercial and environmental) to project success and how will they be managed to ensure successful project delivery?</p>	<p>In your answer to this question, you should describe the key risks and uncertainties of the project. These may include, but not be limited to:</p> <ul style="list-style-type: none"> • Cost risk (e.g. costs escalate due to poor estimation or changes to tooling requirements). • Coordination risk. • Governance risk (e.g. size and complexity of project makes effective management difficult). • Technological risk (e.g. new technology being developed is not successfully demonstrated and/or commercialised). • Skill risk. Do you have the necessary skill base to cope with the complexity of the tool build. • Equipment risk. Are the manufacturing assets of the company sufficient to enable the tool to be made. <p>You should rate the seriousness of the identified risks on a sliding scale of 1 to 5 where 1 is non-serious and 5 is extremely serious, based on the likelihood that the risk will occur and its potential impact on the successful delivery of the project.</p> <p>You should state what project management tools and mechanisms will be used to minimise these risks.</p>

Section 5. The project plan.	
Question	Guidance
<p>6. What is the project plan and does the business have the right skills and experience and access to facilities to deliver the identified benefits?</p>	<p>You should describe the particular constraints to growth affecting your business and the specific barriers hampering improved manufacturing capability and competitiveness.</p> <p>In your answer, you should refer to the relevant financial issues affecting your business and the wider supply chain.</p> <p>Do your finance providers have complete information on the risks associated with tooling which create access to finance problems for your business?</p> <p>It is important that you set out how the intended investment and project activities will address any identified financial issues affecting your business and in particular why support is required from the Tooling Loan Fund.</p> <p>You should set out the total amount of investment which will be invested in the project by the applicant and other government sources if successful. You should provide evidence that the support will not replace or displace existing or planned investment from other sources.</p> <p>State how new or existing market or business opportunities will be gained through the proposed investment. You should provide details of the following where relevant:</p> <ul style="list-style-type: none"> • The particular markets which would be opened up by this project. • The current value of these markets and whether it is UK or global in nature. • Your ability to address these market opportunities. <p>State whether any tooling requests for funding are part of a wider planned manufacturing programme which, if successful, would result in the whole of the larger manufacturing order being</p>

	<p>undertaken in England.</p> <p>You should provide evidence for your statements about the market and outline your strategy for developing market share.</p> <p>Project plan</p> <p>You should clearly explain the project plan including but not limited to, the key milestones and deliverables, project management structure, the team and its partners.</p> <p>In evaluating this, the assessor 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 for the complexity of the project. For example, is there sufficient detail to understand the tasks involved and the resources required?• Is the timing of key milestones is realistic?• Clear management reporting lines have been identified and are clear.• Other relevant bodies have been involved in developing the project. <p>Project team skills and capability</p> <p>You should detail the track record of the applicant in undertaking similar projects to demonstrate capability. In evaluating this, the assessor will consider whether:</p> <ul style="list-style-type: none">• You have demonstrated sufficient resource, commitment and capability to undertake the project.• The project and the applicant have the right available mix of skills and experience to deliver the project successfully.• There is ability to deliver extra benefit demonstrated from the project, for example, increased knowledge transfer.• There is evidence of a track record of management previous similar projects and associated funding.
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Public description of the tooling project. Whilst this section is not assessed, provision of this public description is mandatory. Funding will not be provided to successful projects without it.

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 grants or loans, 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.

The section relating to 'Other funding from public sector bodies' is self explanatory as per the application form.