

## COVID-19 PRODUCTIVE INVESTMENT CAPITAL GRANT GUIDANCE NOTES

This document provides guidance on the COVID-19 Productive Investment Capital Grant (PICG) including eligibility criteria, application process and information required. If you are considering applying for PICG, please read this document carefully before submitting an application.

### OVERVIEW

Invest Northern Ireland (Invest NI) has launched a new grant scheme to support businesses undertaking productivity focused capital investments in response to the challenges arising from the COVID-19 pandemic.

Up to a maximum grant of £250,000 is available to improve productivity by investing in new technology and processes, software and knowledge acquisition, automation or the adoption of digital manufacturing technologies.

PICG is open to any businesses operating in manufacturing, construction, information and communication, or professional, scientific and technical activities. Existing Invest NI customers, or businesses that can become an Invest NI customer, can also apply for PICG.

The following maximum rates of support will be available:

Company Size	Maximum Support Rate
Small	50%
Medium	40%
Large	20%

PICG is managed and administered by Invest NI. You have until 5pm Thursday 25 February 2021 to submit an application.

### ELIGIBILITY

PICG is open to any business:

1. Operating in one of the following [Standard Industrial Classification \(SIC\)](#) sectors:
  - manufacturing
  - construction
  - information and communication
  - professional, scientific and technical activities

2. Existing Invest NI customers, or businesses that can [become an Invest NI customer](#).

Businesses must also meet **all** of the following criteria:

- Have an annual turnover of at least £500,000 in one of their three most recent financial years.
- Have a project with a minimum eligible capital expenditure of £50,000 to improve productivity.
- Deliver productivity improvements from the capital investment as measured by Gross Value Added (GVA) per Full Time Equivalent (FTE) employee.  $GVA = EBITDA + Wages\ and\ salaries + Change\ in\ stock + Business\ Rates + Subsidies - Taxes$ .
- Have experienced a reduction in liquidity as a direct result of the COVID-19 pandemic during the period 1 April to 30 June 2020, in comparison to 1 April to 30 June 2019.
- Not be in difficulty or subject to insolvency procedures at 31 December 2019, as defined by [Measure 3.1 of the European Commission's Temporary State Aid Framework](#).
- Start the project and submit the first claim to Invest NI by 5pm on Thursday 25 March 2021, if required.

If you are a business, which is part of a group structure with the same ultimate ownership, you can only submit one application across the group.

### Exclusions

The following are not eligible to apply:

- Business already in receipt or intending to gain other government support for the project.
- Businesses that do not provide commercial products and/or services.
- Businesses that cannot demonstrate they are a viable business.
- Businesses excluded under [Measure 3.1 of the European Commission's Temporary State Aid Framework](#)
- Businesses involved in activities that Invest NI considers as ineligible or as involving an unacceptable reputational risk, such as gambling, adult

entertainment, tobacco products and cannabis-based products, which are not, authorised as medicines.

## Eligible activities

Projects must have minimum eligible capital costs of £50,000 (Items must be purchased, leasing costs are not eligible). Eligible activities include:

- Acquisition of new, non-routine investment in plant, machinery and equipment, including installation and commissioning costs. Please note 2<sup>nd</sup> hand PME will be considered by exception for SME's only, and must be purchased from unrelated parties.
- Software licences.
- Knowledge acquisition and licensing, for example, from universities.
- Automation or the adoption of digital manufacturing technologies.

The following activities are not covered:

- building acquisition and modification
- acquisition of mobile assets
- transportation equipment
- routine replacement of plant, machinery and equipment
- core business software, such as accounting or payroll
- consultancy
- training

## HOW TO APPLY

Your first step is to check if you are [eligible to apply for PICG](#).

If you meet the eligibility criteria, you will need to complete an online pre-application form and the PICG Team will then issue the application form to you within 48 hours.

You will need to provide the following details in your application:

- Details of your business.
- Details of the planned capital investment and the productivity improvements that are expected.
- Costs associated with the project.
- Impact on your business if the project does not receive grant support.

- Any wider economic benefits the project may deliver.
- Confirmation of your company size, based on the [European Commission SME definition](#).
- Complete a State Aid Framework declaration.

The application process takes approximately 2-3 hours to complete.

As part of the application process, you will also need to provide:

- Signed company accounts to verify your business has a turnover of at least £500,000 in one of your three most recent financial years.
- Management accounts or accounting system extracts for period 1 April to 30 June for 2019 and 2020, as evidence to demonstrate you have had a reduction in liquidity.
- Most recent annual or audited accounts together with the most recent management accounts.
- Three years financial forecasts comprising of profit and loss, balance sheet and cash flow forecast. You may wish to use the [spreadsheet containing cashflow forecast, profit and loss forecast and sales forecast templates \(XLS, 21K\)](#).

## ASSESSING YOUR APPLICATION

Your project will be assessed based on the information you provide in your application form, which must be submitted before the closing deadline of 5pm on Thursday 25 February 2021. Please note, if the business has not undertaken an independent productivity assessment, such as a 4.0 manufacturing audit in the last 12 months, Invest NI technical specialists will be required to undertake a productivity assessment as part of the application and appraisal process.

If concerns arise during the checking process of an application, Invest NI reserves the right to seek further clarification, in particular relating to:

- company financial information
- the efficiency of the proposed technology and/or equipment
- the cost of the proposed technology and/or equipment

## TIMESCALES

PICG is now open for applications.

Projects will be approved on a first-come first-served basis. The grant will close to applications, either:



- when the available budget is fully allocated; or
- on the closing date of 5pm Thursday 25 February 2020, whichever comes first.

Please read and check your application form before submitting as corrections or additional information provided after the closing date will not be accepted.

## NOTIFICATION OF FUNDING DECISION

Once an application is approved, applicants are informed and a Letter of Offer will be issued.

Please do not start your project, incur cost or pay deposits until you receive a Letter of Offer for your project from Invest NI. If you incur costs because you have signed contracts, given permission to start work, raised invoices or made payments before you have received an Invest NI Letter of Offer, these costs cannot be claimed for and could prevent you from accessing any of the grant funding awarded.

## APPEALS PROCEDURE

Invest NI will determine at its sole discretion:

- Whether sufficient information has been provided to assess an application.
- Whether an application has been successful.
- The amount and terms of funding awarded.

If you have any enquiries about your application, please [complete this enquiry form](#) and a member of the PICG team will get back to you. If you are an Invest NI customer, please contact your Client Executive.

## SUBMITTING A CLAIM

Companies should submit a completed claim form, with supporting invoices to enable payment against vouched and approved expenditure. Claims should be supported by:

- an invoice from the equipment supplier to the company (VAT not covered); and
- proof that payment has been made, such as a bank statement.

Companies may incur expenditure under PICG up until 31 January 2022 with a final claim date of 31 March 2022. Fully installed equipment will be vouched by Invest NI.

Claims must also be accompanied by a Fixed Assets Register (where relevant) which should contain the following: fixed asset number, date of purchase, asset cost, opening depreciation, net book value and asset description.

Your Client Executive will be available to provide guidance on the claims process should you require it.

## YOUR RESPONSIBILITIES

You are responsible for providing accurate and true information on your application.

The provision of wrong or misleading information is an offence and any such information may be used against you in any subsequent criminal investigation.

The information provided on this application form may be made available to other departments or agencies for the purposes of preventing or detecting crime.

You are responsible for obtaining any legal consents and complying with any legal requirements for the implementation of your project. This may include but is not limited to requirements in relation to building controls, planning permission and landlord consents. Invest NI will not accept responsibility for your failure to comply with any legal requirements in the implementation of your project should it be successful.

## DATA PROTECTION AND HANDLING

PICG is managed and administered by Invest NI who will have access to the information you provide as part of your application; both as a means to assess your eligibility and to conduct any post scheme governance assessments.

As this financial support is sourced from public funds Invest NI will, in the interest of openness and transparency, proactively publish limited information on the fund including:

- name of applicant
- application title
- amount of assistance

Invest NI will handle your data in compliance with applicable laws including the General Data Protection Regulation and the Data Protection Act 2018. For further details on our data handling practices please see the [Invest NI Privacy Notice](#).

## STATE AID

State aid cover will be provided under Measure 3.1 of the European Commission's Temporary Framework for State aid measures to support the economy in the current COVID 19 outbreak.

The maximum level of aid that a company may receive is €800 000 (€120,000 per undertaking active in the fishery and aquaculture sector or €100,000 per undertaking active in the primary production of agricultural products). This is across all UK measures under the terms of the European Commission's Temporary Framework.

To be eligible for support under the Temporary Framework, companies must be able to demonstrate that COVID-19 has had a negative impact on their liquidity position.

## Restrictions

PICG should not be used to support or subsidise:

- import substitution
- the costs or quantities of exported goods or services
- the establishment of a distribution network in an export market
- costs already supported under an existing Invest NI scheme i.e. double funding

As part of the UK's notified scheme, applicants to PICG must complete a declaration that:

- identifies any other aid provided under the Commission's Temporary Framework; and
- states the business has not have been in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019, as follows:

'undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability



for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.

(e) In the case of an undertaking that is not an SME, where, for the past two years:

1. the undertaking's book debt to equity ratio has been greater than 7,5 and
2. the undertaking's EBITDA interest coverage ratio has been below 1,0.

Micro and small enterprises (businesses with fewer than 50 employees and less than €10 million of annual turnover and / or annual balance sheet total) that were already in difficulty on 31 December 2019 can receive support provided they are not in insolvency proceedings and that they have not received rescue or restructuring aid.

## GENERAL ENQUIRIES

If you have any general enquiries about PICG, complete this [enquiry form](#).