

Rural Business Investment Scheme

The Rural Business Investment Scheme aims to support the development of a strong and diverse rural economy by investing in new business development and the growth of existing enterprises to create a balanced and forward looking rural economy.

The primary objective of the scheme is to create jobs. Projects which create jobs will score higher marks at assessment stage.

The scheme is designed to boost enterprise development and business growth through expansion of productivity or diversifying into new markets or products across rural Mid Ulster.

Who Can Apply?

The scheme is open to rural:

- Private Individuals (18 years of age or over) in rural areas
 - Micro or Small enterprises* (performing non-agricultural activity)
 - Social Economy Enterprises engaged in economic activities in rural areas
- Eligibility conditions

**Micro (fewer than 10 employees) and small enterprises (fewer than 50 employees). Private individuals must be 18 or over.*

*** An 'Enterprise' is considered to be any entity engaged in an economic activity, irrespective of its legal form.*

Objectives

The objective of the scheme is:

- To encourage the development of a resilient and more diverse local economy focusing on rural business innovation, growth and young people.



In all cases the wider business development proposal will be assessed for job creation. The purchase of equipment or undertaking of building works in itself will not constitute a project.

Indicative Actions

- Improvements / upgrade / expansion of business premises / infrastructure
- Purchase of fixed capital plant and equipment
- Acquisition or development of computer software and acquisitions of copyrights, trademarks

Replacement Investments i.e. like for like and maintenance costs for existing buildings, plant or equipment are NOT eligible (see below for list of ineligible items)

What's on offer?

The scheme will provide **capital funding** in support of **job creation** for projects identified as part of a **business plan**. Projects must fit within one of the following themes and target one of the priority sectors:

- **Rural Business: Innovation**
 - Priority sectors: IT, creative industries, rural tourism and rural service enterprises
- **Rural Business: Growth**
 - Priority sectors: manufacturing, engineering
- **Rural Business: Youth**
 - Priority sector: applications from the 18-30 year old age group

Agri- food processing projects are not included due to alternative funding sources

Rural areas are those which fall outside statutory development limits of settlements with over 5,000 inhabitants i.e. Cookstown, Dungannon, Magherafelt and Coalisland.

Grant rates

Any application for grant must not exceed the maximum level of funding available i.e. £90,000 (depending on size of business), which may include any funding towards technical assistance. Marketing and Bespoke Training can be included in an application for full grant-aid, but will reduce the amount of capital grant available by the amount of the marketing.

Grant Type	Grant Type	Min Grant per project application	Max Grant per project application	Level of support
Capital	New Micro Business	£5,000	£30,000	Up to 50% for all applicants
	Existing *Micro Enterprise	£5,000	£50,000	Up to 50% for all applicants
	Existing **Small Enterprise	£5,000	£90,000	Up to 50% for all applicants
Resource	Technical support and bespoke training	£500	£5,000	Up to 50% for all applicants
	Non web based marketing support	£500	£5,000	Up to 50% for all applicants
	Web based marketing support	£500	£10,000	Up to 50% for all applicants
*Micro enterprise is defined as an enterprise which employs fewer than 10 person				
**Small enterprise is defined as an enterprise which employs fewer than 50 persons				

Please note: Only one application per business per call will be accepted. The funds available are limited and we do not expect to be able to fund all applications at the maximum amount.

Preparing to make your application

Are you investment ready?

All applicants will first have to focus on getting ready to make an application. The following prerequisites have to be in place at the time of making application:

- **Attendance at a funding workshop** – these will focus on the application process detailing what is expected from applicants should they receive an offer of grant. Workshops will be advertised in local papers prior to the opening of a call for applications. Any business thinking about making an application **must** attend a funding workshop – it must be the owner / director of the business who attends.
- **Business Plan** – required to accompany application form.
 - New business will be required to complete the “**Go For It**” programme before making an application.
 - Existing business will be provided with a business plan template
- **Match Funding** - evidence of match funding being secured for the project must be demonstrated and provided with the application.
- **Planning Permission Approval** - for projects requiring planning permission full approval must be granted and supplied with the application.
- **Quotations** – project costs must be supported with quotations / tenders for the equipment / infrastructure etc being applied for.



Attending a funding workshop specific to the Scheme you are applying under is key. At the funding workshop you will be provided with further information on the process involved in submitting an application when calls open.

YOUR APPLICATION CANNOT BE ASSESSED UNLESS YOU HAVE ATTENDED A FUNDING WORKSHOP!

Match Funding

This scheme is part funded from EU sources therefore projects assisted **cannot** be matched from any other EU source. Evidence of match funding must be provided as part of the application process.

Description of the Operation

Support is provided for capital investments in creation and development of non-agricultural activities in rural areas for all micro and small enterprises. The programme is not designed to sustain jobs, because its primary objective is to create new jobs. This might be either an activity which is new for an existing enterprise¹ (or an expansion of an existing activity leading to job creation) or a new business start-up. The following is a list of the types of activity which might be supported.

- Rural tourism activities, including some types of rural accommodation, tourism service provision, craft retail unit in front of a production unit, restaurants. This refers to rural tourism activities which could include, among other things, restaurants. But this must be considered within the context of Tourism, i.e., such an investment would have to clearly support the Tourism industry and out of state visitors. This may be associated with a Tourism product or a very unique restaurant experience – on farm produce etc;
- Construction, re-construction or establishment of workshops, factories, plants, premises and facilities for various activities such as repair of machinery; production and/or processing of non-agricultural goods and materials, plastics, sewage and refuse disposal, sanitation and similar activities;
- Processing and marketing of some agricultural products (referred to as Annex 1) where the output is non-food, not fit for animal consumption or a processed wood product;
- Social service provision including construction, re-construction and/or modernisation of premises and area for carrying out the activities (childcare, eldercare, healthcare, care for disabled people, educational farms, etc.);
- Development of crafts and handicraft activities;
- Investments in leisure, recreational and sport activities developed by private businesses or social economy enterprise as an economic activity i.e. the business will be funded at the same intervention rate as private business (50%), any projects relating to sport must fit with DCAL's (now part of Department for Communities) investment strategy on sport;
- IT activities, computer-based and electronic activities, e-commerce, online warehouse, etc;
- Provision of services e.g. Architectural and engineering activities, accounting, book keeping and auditing services, technical services, industrial cleaning, veterinary and animal welfare activities, etc.
- Marketing element which would include website development and information leaflets/brochures.
- Bespoke training is defined as training commissioned to a particular specification for example training that is necessary for the implementation of the funded project. Training that is available generally, either in the market place or through another Govt Dept/Council/Agency (such as a FE college, Invest Northern Ireland, Local Enterprise Agency), is not eligible within Priority 6'.

Type of Support

Support will be provided through grant aid. No advance payments will be available. Only one application per business (which includes linked businesses) per call will be accepted.

¹ An existing business operating continuously for a period of at least 1 Year prior to the date of application verifiable on presentation of annual business accounts.

Eligible Costs

The following costs are eligible for support;

- a) The construction, or improvement of immovable property;
- b) The enhancement (**not including additional bed space**) of existing bed and breakfast, self catering accommodation with less than 10 rooms, hostels with less than 10 rooms, guest house accommodation with less than 10 rooms;
- c) Construction or development of caravan sites, campsites, pod sites or bunkhouse accommodation. Bunkhouse accommodation must meet Tourism NI criteria for a Bunkhouse and a DAERA requirement that the Bunkhouse accommodation must be suitable for groups of 10 or more visitors;
- d) The purchase of new machinery and equipment, up to the market value of the asset;
- e) The processing of agricultural products (known as Annex 1 products) that lead to an output that is not for human or animal consumption; contact admin unit for further information.
- f) Manufacturing/processing of items or products from wood/timber (see ineligible items (v) in respect of energy production and wood fuel);
- g) General costs linked to the expenditure such as architects, engineers and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies, the acquisition of patent rights and licences, up to a total maximum of 10% of the eligible project grant amount. Feasibility studies are eligible expenditure even if there is no expenditure under points (a) and (b) as long as the activity was capable of being supported;
- h) Intangible investments such as acquisition or development of computer software and acquisitions of copyrights, trademarks;
- i) Marketing element which would include website development and information leaflets/ brochures, trade show space rental. Any applicant wishing to apply for the higher level of grant aid (up to £10,000) under website development MUST be implementing a fully functional e-commerce site;
- j) 'Bespoke training course fees including enrolment, tuition and accreditation. Bespoke Training is defined as training commissioned to a particular specification for example training that is necessary for the implementation of the funded project. Training that is available generally, either in the market place or through another Govt Dept/Council/Agency (such as a FE college, Invest Northern Ireland, Local Enterprise Agency) is not eligible within Priority 6';
- k) The purchase of second-hand equipment by micro or small sized enterprises will only be eligible in circumstances where:
 - It is identified at time of application.
 - The equipment has not been grant aided in the previous 7 years.
 - The second-hand equipment is fit for the proposed project activity.
 - The equipment is in good quality and with enough working life to be able to meet the 5 year asset durability test.
 - It represents a sufficient advantage in terms of value for money when compared with new equipment.
 - Where a project promoter disputes a market value assessed by the above method, they may obtain, at their own expense, an independent valuation from a competent engineer or plant auctioneer. In such cases the LAG must decide which market valuation should apply.

Ineligible Costs

Examples of costs that are **not** eligible for support under LEADER include the following;

- a) Costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance charges or anything deemed to be a running cost;
- b) Investments which are considered by the LAG to have an unacceptable negative effect on the environment (or proposed investment fails to meet environmental regulations);
- c) The purchase of buildings and/or land, including through leasing of property as part of a project;
- d) Replacement investments i.e. new for old/like for like and maintenance costs for existing buildings, plant or equipment, including kitchens in existing buildings;
- e) Investments in new build bed and breakfast, self-catering accommodation, hotel accommodation, guest houses or hostels or additional bed space in existing ones;
- f) Lease-purchase/hire purchase of new machinery and equipment,
- g) Purchase and installation of renewable energy technologies;
- h) The purchase of cars, vans, motorcycles, bicycles, light aircraft and any other form of transport² (for whatever purpose);
- i) The purchase of vehicles³ for transportation (such as lorries, buses, vans, minibuses or any other kind of vehicle used to transport or move goods or people);
- j) Tractors and Agricultural machinery;
- k) Expenditure incurred or work commenced/goods purchased before the letter of offer project start date or after the letter of offer project end date;
- l) Payments for gifts and donations or personal entertainments (including alcohol);
- m) Training i.e. any training currently provided by a statutory body such as colleges, Invest Northern Ireland, Local Enterprise Agencies or other council funded scheme;
- n) Travel and/or accommodation associated with attendance at bespoke training or trade shows;
- o) Reprinting of marketing materials or costs associated with internet ads, pop-up ads or search engine optimisation (SEO);
- p) No aspect of an activity being funded should be party political in intention, use or presentation, or likely to be perceived as discriminatory on grounds of religion, colour, race, gender or disability;
- q) Statutory fines and penalties, criminal fines and damages;
- r) Legal expenses in respect of litigation;
- s) Any cost associated with meeting a legislative or statutory requirement for the business;
- t) Reclaimable VAT;
- u) Improvement/refurbishment/installation of all assets associated with a residential property, including attics, garages, extensions and gardens;
- v) Feasibility studies for renewable energy;
- w) Costs associated with agricultural products (known as Annex 1 products) where the output is for human or animal consumption, i.e., anything associated with food storage, preparation and processing; or is a wood processed product for energy production or wood fuelled heating systems;
- x) Any form of retail business;

² Used to transport people for any reason.

³ Vehicle is something used as an instrument of conveyance. It can include any conveyance used for transporting passengers or things by land, water, or air.

- y) Standalone equipment e.g. generators, compressors etc. (However, these may be eligible if part of a wider suite of equipment needed for the project to be funded);
- z) Livestock Markets; and
- aa) Running costs and consumables.

Payments and State Aid

All grant payments will be made retrospectively by claim. No advances will be available. All funding will be paid as de-minimis aid i.e. no one applicant can receive more than €200,000 in any 3 fiscal year period.

Please note that this information may be subject to change as the programme progresses.

Contacts:

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**If you have any queries please contact a member of the Rural Development
Unit on 028 8676 4714**

