

Appraisal Panel Summary

Scheme Details

Project Name	Company 40b (PC)		
Grant Recipient	Company 40b (PC)		
SCR Executive Board	Business Growth	SCR Funding	£100,000
% SCR Allocation	50%	Total Scheme Cost	£200,400

Appraisal Summary

Project Description
<p>The applicant designs and manufactures equipment and accessories for the UK and European car and light commercial vehicle markets and delivers a range of engineering services. The project is to purchase a new machine to significantly improve productivity, the quality of products and support growing demand from local businesses and consumers.</p>
Value for Money
<p>Using the ONS Productivity calculator, the project has been estimated to result in a productivity increase from £25,625 GVA per worker to £33,484 in 2019 and £44,797 in 2021.</p> <p>The project will also result in the creation of 3 FTE's within 12 months of the project completion and a further 2 FTE's within 24 months of completion. In total this represents a gross cost per job to SCR of £20,000. Therefore, this project provides acceptable value for money.</p>
Legal
<p>De Minimis: The grant would be awarded under the De Minimis Regulation 1407/2013. This allows maximum support of €200,000 over a three fiscal year period to companies operating in this sector and a declaration provided by the company supports eligibility under this scheme.</p> <p><i>(€100,000 threshold for companies operating in transport sector).</i></p>

Recommendation and Conditions

Recommendation	Full Grant Award
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none"> Formal confirmation that all other funding required to deliver the project is in place. Agree appropriately detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported. <p>The conditions above should be fully satisfied by 21st August 2019. Failure to do so could lead to the withdrawal of approval.</p>	

The following conditions must be satisfied before drawdown of funding.

3. Submission of evidence of Board approval for the scheme
4. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes.

The following conditions must be included in the contract

5. Clawback on outputs only

CIAT External Consultant Opinion – Company 40b

Project Description

The applicant designs and manufactures equipment and accessories for the UK and European car and light commercial vehicle markets and delivers a range of engineering services. The project is to purchase a new machine to significantly improve productivity, the quality of products and support growing demand from local businesses and consumers.

Table 1: 40b – Summary

Project Cost	£200,400	
Grant Funding Request	£100,000	
	50%	
Score	16.55	
	66%	
Rank within Funding Stream	11	
Financial Risk	Amber: Some further financial checks may be required	

Table 2: 40b - Appraisal Summary

Case	Comments
Strategic	The business is within SCR key business sectors. The investment in machinery and automation supports the business's Industry 4.0 aspirations. Good fit with Productivity Challenge principles around improve effectiveness, efficiency and quality. Growth plans linked to SCR priorities on job creation and innovation.
Commercial	Potential demand from existing customers but currently unable to accommodate due to production capacity. Expecting increase in order volume from existing customers when the project is delivered, and capacity to explore overseas market. This project aims to improve gross margin from 28% to 30% over 3 years.
Economic	Used ONS Productivity calculator to estimate 31% increase in productivity. Expected 3 new jobs to be created in 12 months and 3 more in 24 months.
Financial	Overall business risk rating considered to be 'Moderate'. D&B comments on stability concerns and increased risk of failure. Overall rating: Amber – some further financial checks may be required. Proceed with the evaluation of the submission cognisant of the raised areas of financial concern and consider against other aspects of the submission.
Management	Management team identified, and quote has been obtained. Outline plan provided, indicates the project can be delivered within 6 months. Project is ready to start as no further approval required. No consideration of risks to the project.

Table 3: 40b - Common Issues Checklist

Element	Comment
Financial history	Provided for 2016 and 2017. If 2018 accounts are available at the time of approval these should be provided for verification.
Quotes for services	Quote for services appended. Final project costs (including quote for services) will need to be verified for grant funding to be approved.

Element	Comment
Match funding	50% match funding requested. Funding request is for capital funds only. Match funding is from bank loan.
Financial declarations	Confirmed that the director(s) have not closed a similar activity in the EEA in the past 2 years, nor do they intend to do so for a period of 2 years further to the proposed investment.
Directors Declarations	No positive responses.
Submission signed	No, bid document will need to be signed to be valid.
Other	<p>This company has also submitted a BIF business case under the Made Smarter in SCR funding stream. Clarifications should be sought, in the event of both applications being approved, that productivity or job benefits are not double counted, the company is capable of delivering both projects (including match funding and project management), and the projects do not conflict with each other.</p> <p>The applicant would exceed 'De Minimis' funding regulations (having received £50,000 previously and requesting a total of £150,000 through these funding streams) if both funding applications were approved. It is recommended that SCR seek guidance on these funding limits and discuss with applicants the potential for reducing the funding ask.</p>