

Productivity And Capability Enhancement (PACE)



European Union

European Regional
Development Fund

Overview

The project will use ERDF funding to assist SMEs to increase their capabilities, productivity and competitiveness and take calculated risks in implementing new products, processes and service improvements. It is managed by The iNet, Loughborough University (formerly Transport iNet).

Businesses must be based in **Leicester & Leicestershire Local Enterprise Partnership area (LLEP)** and engaged in the general area of one of LLEP's priority sectors:

- Advanced manufacturing and engineering
- Food and drink manufacturing
- Textile manufacturing
- Low carbon technologies
- Logistics and distribution
- Creative industries

The support includes a mixture of:

- An information, diagnostic and brokerage review
- "market access" support
- Part-funding (grant) towards external costs of investments in enhanced capabilities and new technologies including equipment required to take new products, processes and services from early development to production.

It will make it easier for SMEs to accelerate their investment in activities which enable growth and enhance their competitiveness.

The programme will operate from November 2016 through to October 2019.

SME support - Main Points to Note

Companies must undergo a comprehensive review with an iNet Advisor in order to establish eligibility and access support from this programme. This review meeting will last typically 2 – 3 hours and will help you develop your growth and competitiveness plans.

Following this review, support may include one or more of the following:

- **Supply chain/market assessment support** – *to help you to identify, scope and access new markets and sector supply chains.*
- **Part-funding towards external costs relating to company based productivity and capability enhancement projects** – *via simplified application process*

Other considerations:

- External costs for direct project activities and SME beneficiaries in LLEP area only
- Projects must be aiming to introduce new capabilities, enhanced capacity or a significantly improved product, process or service
- **Funding available is 38% of external capital and/or 22% of external revenue costs. There is no minimum. We anticipate that most projects will involve spend circa £50k on capital items and £12k on revenue items. See page 2 for example spend.**
- Projects should be aiming towards the creation of one or more new jobs
- SME contribution will be in cash – i.e. for external costs and expenditure made by the SME - not in kind
- The funding provided constitutes de minimis state aid. Appropriate application of this regulation will be discussed with an advisor

Grant Funding

Some indicative project examples (not exhaustive) of the type of activity that may be funded are likely to involve some elements of:

- Manufacturing process and equipment enhancements which improve throughput or efficiency – e.g. automation of manual processes
- Sector specific accreditation
- Increase product and service range capabilities
- Waste reduction, recovery and re-use of end-of-life materials

Eligible forms of **Capital Expenditure** (items over £5,000) include:

- new production machinery e.g. precision machining centres, additive manufacturing machines
- prototyping equipment e.g. geometry capture devices, measurement and modelling systems.
- laboratory and production / product test equipment e.g. automated inspection devices
- production environment control systems e.g. humidity
- material and finishing processes e.g. heat treatment, corrosion protection, painting

Eligible forms of **Revenue activities** include:

- specialist technical / engineering services e.g. manufacturing engineering, plant design, refurbishment and installation
- supply chain services e.g. technology road-mapping, sector-specific accreditation process services
- small items of equipment, tooling, software (under £5,000) e.g. transducers, instrumentation
- related IT hardware and software for systems integration and business process improvement (**not** basic infrastructure e.g. finance / accounts systems)

Process Outline

Suitable SME beneficiaries will be visited by an advisor who will enrol and undertake a review to determine the nature and type of support required. The advisor will support SMEs throughout the application and claims process helping them to follow the scheme and ERDF regulations.

Applications will be reviewed against:

- Economic viability of the SME
- Strength of the business case
- The potential for new job creation
- The potential to enhance competitiveness, add capabilities, improve productivity or enter new markets

SME beneficiaries must adhere to the ERDF compliant procurement regulations for purchasing goods, services and capital equipment and provide evidence to demonstrate this compliance with the application. We are not able to support any expenditure for orders which have already been placed prior to the offer of a grant.

Grant payments will be made upon completion of the project and provision of ERDF compliant defrayal of expenditure by the SME. Where the grant supports capital expenditure the SME will be required to maintain an asset register. SME beneficiaries will also be asked to sign output forms on the progress of the introduction of new products, processes or services and any new jobs created as a result of their project.