



The Marsh
million
business loan scheme

www.marshmillion.co.uk



You are recommended to read the Marsh Million Business Loan Application Guidance notes before completing the pre-application and full application forms.

You must complete all parts of the pre-application and full application forms except where exceptions are indicated e.g. where questions relate to parent companies and none exist. The pre-application and full application forms are only part of the application documentation required.

Please ensure that a written business plan forms the basis of your application. You are advised to complete the application form and business plan in co-operation with your own financial advisor.

1. What is the Marsh Million?

The Marsh Million is a £1m three-year, economic growth fund for the Romney Marsh, area funded by the Magnox Socio-economic programme, Kent County Council, Ashford Borough Council and Shepway District Council. Kent County Council is the Accountable Body for the scheme with support provided by the other public and private sector partners.

The scheme consists of two elements, a Business Loan Scheme and an Economic Projects Scheme.

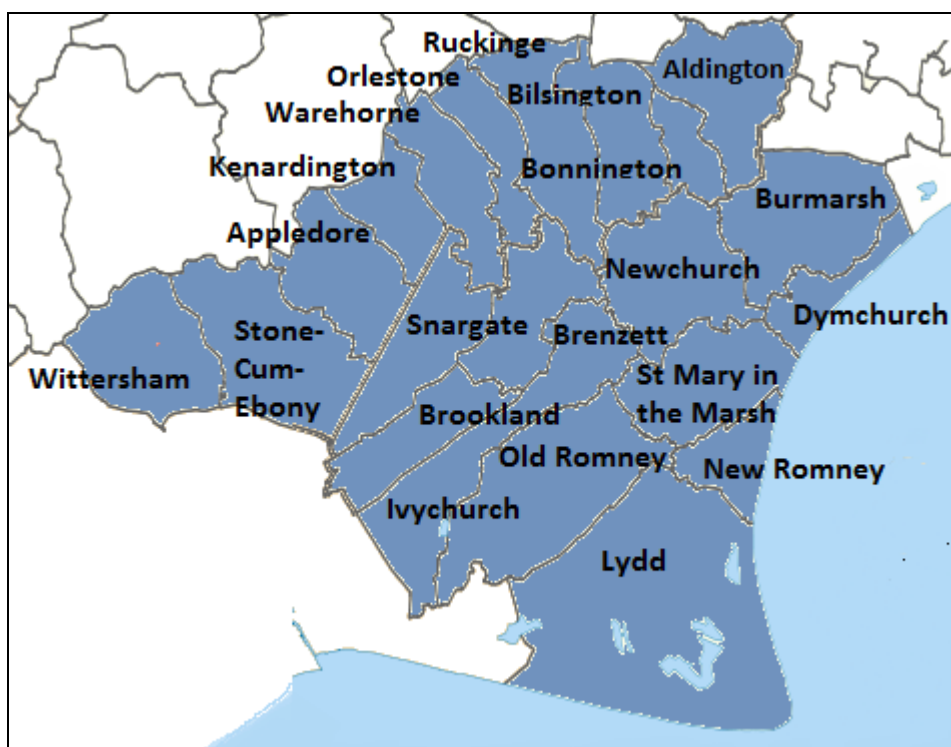
This guidance only relates to the Marsh Million Business Loan Scheme which offers 0% interest loans of up to £10,000 to help start-ups, small businesses and social enterprises in the Romney Marsh area who are seeking to develop new or expand existing products or services, where these will lead to sustained employment.

2. The type of funding that is available

This scheme provides financial support in the form of repayable business finance, sometimes referred to as interest free or soft loan (see **Glossary**).

Loans shall normally be unsecured, although the Accountable Body reserves the right to seek a personal guarantee in certain circumstances.

3. Where is the Marsh Million Fund eligible area?



Marsh Million Fund Eligible Area. Only specific Parishes within the local authority areas of Ashford and Shepway are eligible these are highlighted in Blue

Map 1 Contains Ordnance Survey data © Crown copyright and database right

4. Who can apply?

You can apply for investment support from Marsh Million if you meet the following criteria:

- **Type** - Are you a sole trader, partnership, limited company or a not-for-profit business (see **Glossary** for definition) located or seeking to locate in the Marsh Million eligible area (see below).
- **Amount** - Are you seeking a loan between £2,500 and £10,000.
- **Size** - Currently do you have less than 50 employees (see **Glossary** for definition).
- **Location** - Are you seeking to provide employment – either creating or safeguarding jobs (see **Glossary** for definitions) in the Marsh Million eligible area. i.e. designated areas within the Borough of **Ashford** (Parishes of: Aldington, Appledore, Bilsington, Bonnington, Kenardington, Orlestone, Ruckinge, Stone-Cum-Ebony, Warehorne, Wittersham) and the District of **Shepway** (Parishes of: Brenzett; Brookland; Burmarsh; Dymchurch; Ivychurch; Lydd, Newchurch; New Romney; Old Romney; Snargate; St Mary in the Marsh) - see **Map page Section 3** eligible areas are indicated in Blue.

5. Eligibility Criteria

In addition to meeting the criteria in **Section 4** above, all investment proposals must fulfil the following conditions:-

- **Employment** - All proposals must have a positive impact on employment in the Marsh Million eligible area and must, specifically, create new jobs or offer better safeguarded jobs within the business. These jobs can be either full-time or part-time. Only jobs directly employed by the business are eligible.
- **Demonstrate Need** – The applicant must be able to demonstrate the need (additionality) for financial support to go ahead or in exceptional circumstances would go ahead on a smaller scale.
- **Viability** - The organisation undertaking the investment proposal must be viable, have good growth potential and be self-sustaining by the completion of the investment.
- **Private Sector Match Funding** - The investment proposal requires support from other funding sources (see **Section 8** below for further details).
- **Impact** – The investment proposal is likely to have a positive impact on the economy of the Marsh Million eligible area.
- **Number of Applications** - Applicants can only submit one application for the Marsh Million Business Loan scheme at any one time. The opportunity to submit further applications would be dependent on such a loan not breaching State Aid rules, permission should be sought from the Marsh Million Programme Management Team (for contact details see **Section 14**) prior to any further submission.
- **Repayment** - We would normally expect all loans to be repaid within a period of 5 years. It may also be possible to negotiate a repayment holiday. Repayment profiles involving “balloon payments” (an unusually large payment due at the end of the loan) and also those offering to repay over a period in excess of 5 years are not encouraged.

6. What we can fund

The minimum loan that can be applied for is £2,500. The maximum loan is £10,000. In addition, the Marsh Million loan cannot constitute more than 80% of total eligible costs. Therefore for an eligible investment totalling £10,000 the maximum Marsh Million Business loan contribution would be £8,000.

Funding from the Marsh Million programme can be used to cover the following types of expenditure:-

- **Development Finance** - Funding required to expand the business e.g. marketing.
- **Commercial Premises** - Funding required to cover the costs of deposit, moving, improvement of premises (but not for the purchase of premises or land).
- **Plant and Machinery** - Funding required to cover the costs of re-tooling, installation and related training.

- **Intangible Assets** - Funding required to cover the costs of purchasing patents, IT software and licences.
- **Gap Funding** - Funding required to cover gaps in funding working capital where commercial funding sources e.g. overdrafts and invoice finance, cannot provide the full requirement. In such case, you must demonstrate why there is a funding gap and that other sources have been explored.
- **Stock Purchases** - Funding required to cover the costs of stock purchase.
- **Purchase of on-road vehicles** - Funding can be used to cover the costs of the purchase of on-road vehicles provided certain conditions are met: a) Marsh Million Business Loan is not used to fund the purchase of a road transport vehicle with a gross weight of more than 3.5 tonnes and which requires an operating licence; b) covers no more than 30% of the purchase cost; c) the purchase cost does not exceed £5,000.

Capital assets funded under this scheme must be used primarily within the Marsh Million eligible area and remain within the eligible area for a period of at least three years after the offer of funding.

7. What we cannot fund

- **Ineligible Sectors** - Marsh Million cannot accept applications from firms active in the following sectors as they are ineligible and they cannot be considered for support:
 - Fisheries and aquaculture (SIC 03).
 - Primary production of agricultural products (SIC 01).
 - Processing and marketing of agricultural products (SIC 10).
 - Coal (SIC 05).
 - Steel production (SIC 24.1).
 - Shipbuilding (SIC 30.11).
 - Synthetic fibres (SIC 13.1).
 - Schools, colleges and other educational provision (SIC 85).
 - Franchises.

We also acknowledge that for some investment proposals it may be difficult to easily define which sector they fall within. Therefore please submit a pre-application form so that the Marsh Million Programme Management Team can assess eligibility.

- **Ineligible Expenditure** - We cannot fund what we consider ineligible expenditure. Funding from the Marsh Million programme **cannot** be used to cover the following types of expenditure:-
 - **Repayment of debt** - Funding cannot be used to repay outstanding debt to overdue creditors.
 - **Purchase of commercial land and/or property** - Funding cannot be used for any costs related to the purchase of commercial land and/or property but can be used to cover the costs of deposit, moving etc. (see above).

- **Residential accommodation** - Funding cannot be used for any costs related to residential premises.
 - **General Expenditure** - Funding cannot be used for general repairs, maintenance and/or running costs.
 - **Statutory Obligations** - Funding cannot be used for projects being undertaken solely to comply with statutory regulations.
 - **Expenditure already incurred** - Funding cannot be used for to recoup expenditure already incurred before a formal offer is made by Marsh Million. A full application for assistance must be submitted and an offer made before expenditure on an investment proposal is commenced.
 - **Others** – Funding cannot be used for the purchase of shares, goodwill and VAT.
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- **Non-Viable Investment Proposals and Businesses** - Due to State Aid regulations Marsh Million cannot be used to support non-viable investment proposals from non-viable businesses.
 - **State Aid Limits** - Any offer of finance assistance would lead to State Aid limits being exceeded. In the case of this scheme the applicant must not have received more than €200,000 (approximately £173,470 at August 2013) of financial assistance from a public source for a trading activity over the previous 3 financial years (EU De Minimis Regulation).
 - **Limited Private Sector Investment** - Marsh Million will not provide 100% funding or cover all the costs of an investment and will seek an element of private sector investment (match funding). The types of eligible expenditure and the levels of funding offered for Marsh Million are detailed in **Section 6**.
 - **Reputation** - Investments which would result in potential damage to KCC and its partners' image and reputation.

8. Private Sector Match funding

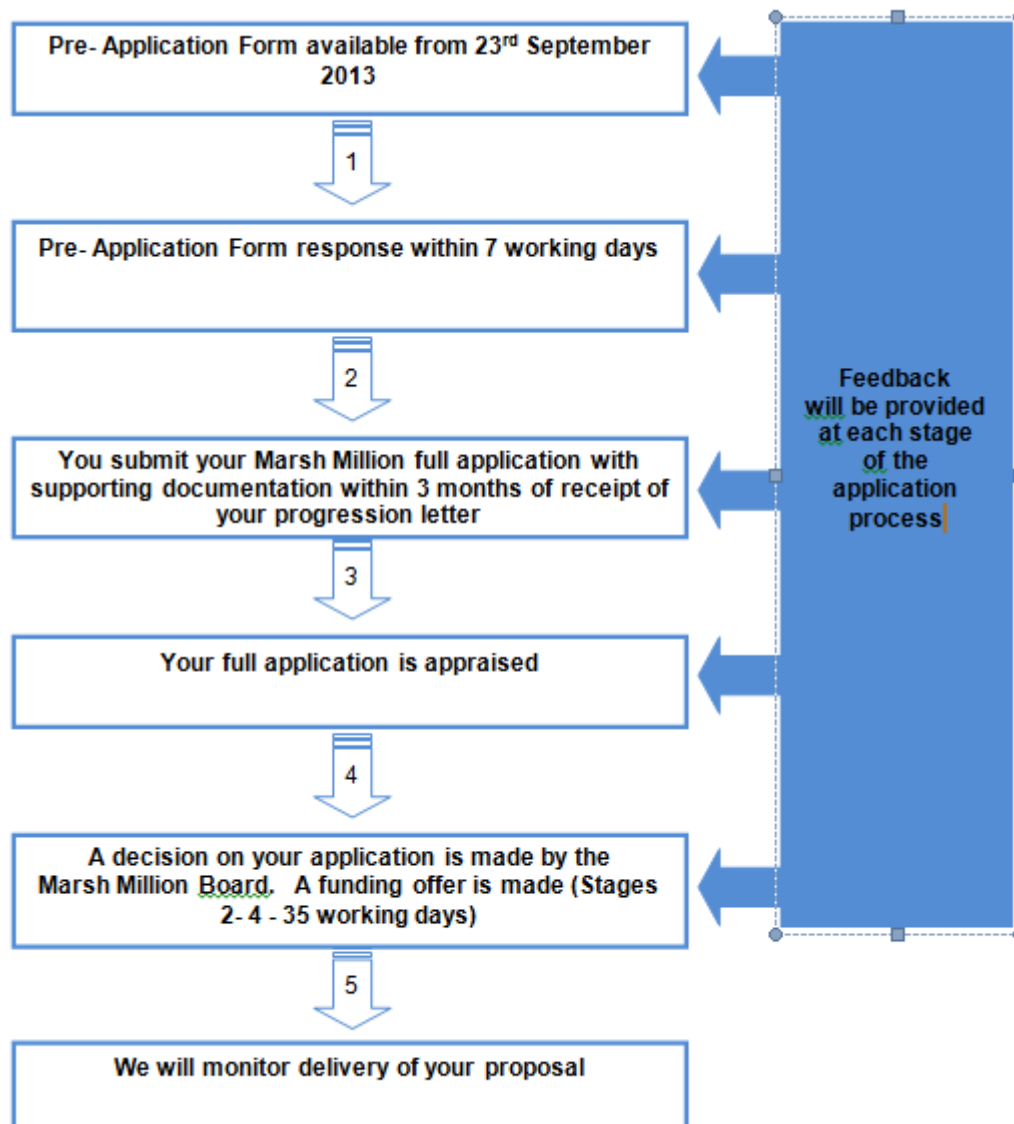
Applications must demonstrate a requirement for Marsh Million investment. A minimum level of 20% of the costs of an investment are required to be funded from private sector sources, such as the applicant's own resources or commercial lenders e.g. for a project costing £10,000, Marsh Million could make available £8,000, with the business providing the remaining £2,000.

Eligible private sector match funding includes: Bank loan; Company own funds; Overdraft facility; Own funds inc. Owner, Partner's, Director's, Member's loan; Pension funds from Company; Private investor/New share capital/New equity investors.

Sources regarded as ineligible match funding include: Costs already incurred; Loans or overdraft facilities which have been committed to cover previous expenditure.

Applicants should aim to have secured match funding by the time that they submit their full application. At full application stage all applicants must complete a Match Funding Declaration (Part 2) which confirms the level and sources of this match funding.

9. Business Loan Application Process



10. Pre-application

The Marsh Million pre-application is a key part of the application process and is undertaken to determine:

- The eligibility of your organisation and your investment proposal.
- Whether your investment proposal meets the Marsh Million Fund objectives.
- Whether there are funds available to support your investment proposal.
- Eligibility to proceed to a Marsh Million full application.

Receipt of a Marsh Million pre-application form will be acknowledged within 3 working days and a decision on a fully completed pre-application will be made within 7 working days. Please note that once you have been approved to progress to full application you will normally be expected to submit your full application within 3 months of the approval to progress letter. Unsuccessful applications will be provided with feedback and given the opportunity to re-apply if they are eligible.

11. Full Application & Appraisal

A link to the on-line Full Marsh Million application form will only be provided once the pre-application has been approved and the investment proposal is deemed eligible to continue to the next stage.

Once applicants have completed the on-line full application form they should then submit through the post one signed hard copy of the full application form plus one copy of each of the supporting documents that are relevant to the proposal. These are:

- A business plan detailing the business history and future plans (a template is provided).
- Up to one year's statutory audited/unaudited/drafted accounts (this would depend on how long the business has been in existence - this documentation is not required for start-ups).
- At least one year's projected balance sheet, profit and loss and cash flow (including forecasted loan repayments). In the case of cash flow these should be provided on a monthly basis (a template is provided).
- A copy of any planning approval or licence (if relevant).
- In the case of a not-for-profit business please enclose a copy of the relevant clauses from your memorandum and articles of association, rules or governing documents, which relate to how the organisation distributes profits.
- Completed De Minimis Declaration (Part 1) and Match Funding Declaration (Part 2).

On receipt through the post of this documentation the Marsh Million Programme Management Team will undertake a key criteria check to ensure conformance.

Please note that by submitting a Marsh Million application your organisation is agreeing to KCC seeking necessary credit references or reports. All proposals and supporting

documents must be the property of the applicant and must not infringe any existing patent or copyright and all applications will be deemed as commercial and in confidence.

All full applications will normally be fully appraised within 35 working days of receiving the full application and supporting documents. The process for undertaking an appraisal of an investment proposal is proportionate to the level of funding requested.

An independent appraisal team has been appointed by KCC and they may need to raise questions with the applicant to clarify issues or request additional information. The independent appraisers will make recommendations to the Marsh Million Approval Board. Applicants may be invited to attend a Marsh Million Approval Board meeting to make a presentation related to their application. Final decisions on awarding or withholding investment will be at the discretion of KCC.

If your application is successful you will be sent an offer letter detailing the level of finance and the conditions associated with the funding. This will constitute part of the contract with KCC as the Accountable Body for the Marsh Million Business Loan scheme. If your investment proposal is unsuccessful then your letter will provide information on the reasons for this decision.

Payment of funding is dependent upon agreed investment and/or employment milestones being achieved by the recipient (to be set out in the offer letter).

- Suitable milestones will be identified from the information contained in your business plan; these will then be monitored during the lifetime of the investment period and 3 years beyond the final payment to ensure that the conditions of the finance offer have been met.
- All details will be fully documented in the offer letter.
- Any award of finance under the Marsh Million Fund may become repayable in its entirety if the investment should move outside the Marsh Million eligible area.

12. Guidance on the content of the Business Plan

Please note that your business plan should not be submitted until after your pre-application form has been submitted and assessed. Your business plan should be prepared and submitted alongside a signed copy of the full application form and other supporting documents requested.

Your business plan is an essential part of the application process and you must submit one copy of this document along with copies of your full application form and other supporting documentation (see **Section 11** above). Your business plan will remain “commercial in confidence”.

The business plan must be specific to your proposal but should also refer to how your proposal links to any other parts of your business already in place, if appropriate. A template of a business plan will be provided to all prospective applicants.

13. This Guidance

Copies of this guidance are available in an alternative format on request.

14. Contact for further Information

Marsh Million Programme Management Team

Kent County Council
2nd Floor, Invicta House, County Hall
Maidstone ME14 1XX
Email: marsh.million@kent.gov.uk
Website: www.marshmillion.co.uk

Glossary of Terms	
Additionality	Applicants must describe the additionality of their project and the ways in which this will be achieved. For example, demonstrate the reasons why Marsh Million funding is necessary to enable the proposal to succeed? Provide the reasons why the project would not go ahead without Marsh Million funding.
De Minimis	Commission Regulation No (EC) 1998/2006 which covers the Marsh Million and sets a threshold for applicants of €200,000 (approx. £173,470) for financial assistance from a public source for a trading activity over the previous 3 financial years.
Innovation	Applicants must describe the innovation of their project and the ways in which this will be achieved. For example, explain how your application will be innovative to the Marsh Million eligible area? How the application will be innovative in terms of your business type or sector?
Jobs Created	A job that must last for 2 years from funding receipt.
Jobs Safeguarded	A job that would otherwise have ceased to exist within 15 months of receipt of funding.
Loans	Marsh Million loans are offered at 0% interest to eligible businesses. There are no arrangement fees and repayments terms are flexible within certain parameters.
Not for Profit Business	Either: Charities; Community Interest Companies; Companies limited by guarantee or Industrial & Provident Societies
Public Sector Organisations	Public Sector Organisations will only be able to submit applications for one Marsh Million Products – the Economic Projects Scheme (to be launched at a later date). Public Sector Organisations in this context are defined as: District, Unitary, County, Town or Parish Councils and Health bodies.
Small Business	The EU defines a small business (enterprise) as: <ul style="list-style-type: none"> • Employing less than 50 people • Having a balance sheet that is less than €10m • Annual turnover less than €10m pa.