



**European Union**

European Regional  
Development Fund



## **Guidance on Digital Growth Vouchers**

This document provides potential applicants, intermediaries and suppliers with key information about the eligibility criteria and registration process for Digital Growth Vouchers under the Digital Enterprise programme.

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## Digital Growth Voucher Summary

- Digital Growth Vouchers can be used by eligible businesses to support an investment in digital technology, such as the acquisition of I.T hardware and software, developing apps and websites, introducing internet telephony (VOIP), or upgrading digital/broadband connectivity.
- A match funded scheme where Digital Enterprise will make a specified contribution towards the total cost of a digital transformation project with the rest being contributed by the business.
- Digital Growth Vouchers are worth between £2,000 - £12,500.
- Digital Growth Vouchers will be worth typically 50% of the value of an investment project.
- The total value of the project must be between £4,000 - £25,000.
- The voucher value will be determined by considering the levels of digital transformation which will be achieved as a result of the project, together with the potential economic impact and business performance improvements.
- Businesses claim the value of the voucher after they have completed the project and paid for the project in full.
- Preference will be given to projects which can be completed within three months of being issued a voucher.
- Applicants must be:
  - Based in the Leeds City Region.
  - A Small or Medium Sized Enterprise (SME).
  - Trading in a business to business (B2B) environment.
  - Have at least two employees.
  - Been trading for at least twelve months.
  - Retail and several other sectors are ineligible for a Digital Growth Voucher (further details can be found in this document).
- Retrospective applications are ineligible. Businesses are unable to claim for any expenditure incurred before a funding agreement is signed.
- Businesses can register their interest in receiving Digital Enterprise assistance by visiting [www.digitalenterprise.co.uk/de2](http://www.digitalenterprise.co.uk/de2)

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## About Digital Enterprise

The Digital Enterprise business support programme is aimed at small to medium sized businesses (SMEs) that are based in the Leeds City Region, and are wanting to grow and develop through an investment in digital technology or by improving their digital skills. The programme offers four strands of support for eligible businesses and businesses can access more than one strand of assistance:

- a) **Digital Growth Voucher** - worth between £2,000 and £12,500 for eligible businesses. The voucher can be used to help cover the cost of investing in digital technology solutions - such as purchasing new hardware and software, developing websites and apps, introducing new internet telephony, etc - to enhance business performance and achieve growth. Digital Enterprise will contribute a specified percentage contribution (typically 50%) towards the total cost of a project. The rest must be contributed by the beneficiary (business). Businesses should be operating predominantly in a business to business (B2B) environment, have at least two employees and been trading for at least 12 months. **This Guidance Note is for businesses wishing to take advantage of a Digital Growth Voucher.**
- b) **Connectivity+ Voucher** worth between £500 and £3,000 for eligible businesses. This voucher is aimed at businesses that are looking to upgrade their digital connection/broadband and acquiring related technology – such as firewalls, routers and receivers/antennae (for wireless connections). Businesses operating in either a business to business (B2B) or business to consumer (B2C) environment are eligible. Businesses will only be required to provide match funding for the balance of their investment if the project cost is above the value of the voucher. Firms of any age (including start-ups) can apply. We have a separate Guidance Note on this voucher, which is available to download via the Digital Enterprise website at [www.digitalenterprise.co.uk/connectivity](http://www.digitalenterprise.co.uk/connectivity)
- c) **The Digital Knowledge Exchange** - a programme of workshops, masterclasses, mentoring support and digital auditing for managers/business owners which are focused on digital technology solutions e.g. digital and social media marketing, Search Engine Optimisation, cyber security/digital resilience, etc. Events and workshops are delivered at venues across the Leeds City Region. The Digital Knowledge Exchange offers 12 hours of free support. Businesses operating in either a business to business (B2B) or business to consumer (B2C) environment are eligible. Firms should have at least one employee and businesses of any age (including start-ups) can apply. For more information about this service please visit <https://www.digitalenterprise.co.uk/digital-knowledge-exchange-service/>

## The Digital Growth Voucher scheme

Digital Enterprise 2.0 is a three year programme running from September 2019 until August 2022. It will provide £6 million of funding for businesses to invest in technology.

The Digital Growth Voucher scheme is a funding scheme which has been created to support eligible Small to Medium Sized Enterprises (SME) who want to invest in digital technology solutions to help them grow. It is underpinned by funding from the European Regional Development Fund (ERDF), the Leeds City Region Enterprise Partnership (LEP) and by nine of the local authorities that make up the Leeds City Region.

### Tranches

The Digital Growth Voucher scheme opens in tranches throughout the year. An allocated fixed amount of funding for vouchers is allocated to each tranche.

Businesses who register for Digital Enterprise assistance and who are offered Digital Growth Voucher funding are able to indicate which tranche of funding they would like to access. This is particularly helpful for businesses who wish to access funding, but are looking to commence their project at a later date.

Funding windows are:

Tranche	Funding window
1	September to December 2019
2	February to May 2020
3	September to December 2020
4	February to May 2021
5	September to December 2021
6	February to May 2022

The Digital Growth Voucher scheme is a **competitive process** (rather than first come first served) – where applications are ranked according to:

- The potential for digital transformation of the business as a result of the investment project.
- The potential economic impact in terms of increasing turnover and creating good quality and sustainable jobs for the business.
- The business performance improvements that are likely to result from the investment, including increased productivity and scalability of the business.

- As there is a fixed amount of funding allocated to each tranche, once this allocation has been committed we will close the tranche. In the unlikely event that insufficient funding has been allocated by the end of the tranche, we may extend the end date for this phase.
- Digital Growth Vouchers are worth a minimum of £2,000 and a maximum of £12,500 - representing typically 50% (this will be determined by considering the levels of digital transformation which will be achieved, together with the potential economic impact and business performance improvements).
- The minimum value of a project should be £4,000 with the maximum project value being £25,000.
- Priority will be given to businesses with at least two employees, and are over 12 months old. This is due to a number of factors, including;
  - To help promote our new Digital Knowledge Exchange service to younger firms.
  - To support more established businesses in this phase.
  - To help younger businesses make use of other business support schemes focused on new firms e.g. Ad-Venture– [www.ad-venture.org.uk](http://www.ad-venture.org.uk)
- Applicants must be trading in a Business to Business (B2B) environment to be eligible for Digital Growth Voucher funding. Our Digital Knowledge Exchange and Connectivity Voucher schemes can assist business to consumer (B2C) businesses.
- Please note: Funding will not be provided until the digital transformation project has been completed. The agreed voucher funding will be provided once applicants have paid their chosen supplier the full amount for their agreed investment and made a claim to Digital Enterprise.

## Definition of Digital Transformation

*Digital transformation is defined, for the purposes of this scheme, as a change in business processes resulting from an introduction of digital technology.*

*For example:*

- *A manufacturing business investing in a new digital printer to rapidly bar code all manufactured items, which will allow it update its online inventory and improve efficiency in the production process.*
- *A logistics business investing in a new smart technology for its vehicles, which provides real time intelligence on the location of delivery vehicles for clients and more accurate information about delivery timescales.*
- *A distribution business investing in a new fully e-commerce enabled website, which links through to its stock control/inventory system, allowing the firm to increase its customer base and offer a seamless user experience.*

## Eligibility and Investment types

Businesses wishing to access Digital Growth Voucher funding must:

- Operate predominantly in a business to business (B2B) environment.
- Be based in the Leeds City Region.
- Be a trading businesses – with at least 12 months trading history.
- Have fewer than 250 employees (full time equivalents).
- Have an annual turnover of below €50 million (based on their last published accounts).
- Have an annual balance sheet total not exceeding €43 million (based on their last published accounts).
- Have not received State Aid (funding from any national or local public sector scheme) in excess of €200,000 over the previous three financial years (De Minimis aid).

Other conditions relating to the use of voucher funding include:

- Voucher payments cannot be used to pay VAT.
- Funding will only be provided for the acquisition of assets i.e. not for leasing or hiring equipment or on-going revenue expenditure (including digital marketing/advertising, etc).
- Consultancy costs are capped at 40% of the total project value and can only be included if they add value to the asset being acquired for the business i.e. projects which are 100% consultancy are ineligible.
- Only one application, per business, per tranche, will be considered. Applicants who have previously applied for and/or received funding in a previous tranche may apply again for a new project.
- Subsidiaries of larger firms are excluded, if the parent company is not an SME or has previously received State Aid exceeding the threshold mentioned above.
- Applicants will be given a three month timeframe to complete their investment, from the point of receiving approval for a voucher. After this time, Digital Enterprise reserves the right to cancel the voucher (this will not apply in exceptional circumstances where a delay is beyond the control of the applicant, e.g. where a supplier has failed to complete the work).
- Voucher applications can be for either one technology solution or a bundle of solutions. Nevertheless, three written quotations will be required for each solution.
- Digital Enterprise reserves the right to cancel a Digital Growth Voucher, once issued to an applicant, if we suspect fraud has been committed in any aspect of applying for a voucher.
- There is no automatic right granted to applicants, to appeal the decision about a voucher application. However, applicants can submit an alternative digital transformation project for consideration if they have been unsuccessful (limited to one re-submission per applicant) – providing the tranche has not concluded.

## Geographic eligibility

Firms applying for funding must be based within the Leeds City Region i.e. have their headquarters or main operation centre within one of the following local authority districts:

- Bradford
- Calderdale
- Craven
- Harrogate
- Kirklees
- Leeds
- Selby
- Wakefield
- York

**Map showing the area of coverage for the Digital Enterprise programme.**



**Geographic eligibility** can also be ascertained by establishing whether the business pays its businesses rates to any of the local authority districts illustrated above (if it pays business rates).

Our Eligibility checker can help applicants establish if they are located in the programme's coverage area – see [www.digitalenterprise.co.uk/eligibility-checker](http://www.digitalenterprise.co.uk/eligibility-checker)

In instances where an applicant business has its head office elsewhere, geographic eligibility will be determined by establishing whether the impact from the investment project benefits the Leeds City Region economy.

Similarly, businesses that are based in the eligible area, but which operate outside of it, will need to demonstrate how the investment benefits their operations within the area i.e. creates jobs or develops capacity in their operations based in the area.

## **Economic impact**

Businesses who are offered a voucher (in principle) will need to indicate how their investment will generate a positive economic impact. The common types of economic impact that may result from an investment in digital technology include:

- Number of jobs created (at least two for higher value voucher amounts).
- Increase in turnover.
- Increase in profitability.
- Increase in efficiency.
- Increase in speed and quality of digital connectivity (where relevant).

Applicants will be asked to identify and quantify the potential impact of their investment as part of the investment appraisal.

## **Eligible sectors/business activity**

Digital Enterprise aims to support the strategic objectives of its partners including the Leeds City Region Enterprise Partnership and local authorities, in encouraging funding applications from all eligible sectors.

However, all business to consumer (B2C) activity, such as retailers and estate agents, are ineligible for Digital Growth Voucher funding. Nevertheless, they will be able to participate in the Digital Knowledge Exchange service or apply for a Connectivity Voucher. Other sectors/economic activity that are **ineligible** for Digital Growth Voucher funding include:

- Primary industries e.g. fisheries, agricultural and mining which are supported by alternative EU funds (EAFRD – European Agriculture and Rural Development).
- Banking and insurance firms.
- Retailing.

## **Financial Viability**

Regulations have been brought in by the European Commission to ensure that businesses which are supported under European Union (EU) funded programmes are financially viable enterprises. Hence all applicants for a Digital Growth Voucher will need to confirm that the business is NOT in difficulty as defined under the State Aid rules, the definition of which includes the following criteria:

- That more than half of its capital (as shown in the company accounts) has NOT disappeared as a result of accumulated losses.
- That the business is NOT subject to collective insolvency proceedings, and that it DOESN'T fulfil the criteria under UK law for being placed in collective insolvency proceedings at the request of its creditors.
- That the business has NOT received rescue aid and has NOT YET reimbursed the loan or terminated the guarantee, or has NOT received restructuring aid and is still subject to a restructuring plan.

All applicants will need to declare that the business is not in financial difficulty as defined by the above statements.

We will be carrying out financial scrutiny of applicant businesses to ensure they meet the new requirements.

## Investment types

Digital Growth Vouchers are intended for the acquisition of I.T. hardware, software purchases or upgrades to digital connectivity. Funding can only be used for the purchasing of equipment or software and **not for the revenue costs of leasing them.**

It is important that applicants describe the purpose for which the acquired asset or investment will be used and how it will benefit their business performance.

Please note that EU Funding can only be issued to achieve 'Additionality' i.e. to add value. It cannot be used to merely replace old equipment or infrastructure, where no value is added to a firm's current performance or capacity.

### Examples of eligible hardware/software.

- New laptops, desk tops or tablet computers, VOIP telephony or other peripheral device, e.g. printers.
- An upgrade in a firm's digital connectivity. However, the grant will only be able to cover the cost of the upgrade, rather than any on-going revenue costs.
- The acquisition of new software to manage the business. The grant can cover integration and consultancy costs too.
- Development of apps.

## Application Process – Key Stages

### Registration

Applicants should check their eligibility for the Digital Enterprise programme via the Digital Enterprise website - <https://www.digitalenterprise.co.uk/eligibility-checker> If they are eligible they will be presented with the option to register their interest in receiving assistance from Digital Enterprise.

Businesses are required to complete a registration form which asks the business to identify what type of assistance they are seeking (eg. funding to undertake a digital transformation project, funding to improve the speed of their digital/broadband connection, help in improving digital skills).

Registrations must be completed by the owner or authorised business manager employed by the business, under the **legally registered name of the business** (as registered with Companies House **and not under their trading name**). Registrations completed by agents or suppliers will be deemed ineligible.

On receiving your registration, we will assess it to confirm if your business is in principle for our support.

## **Eligibility verification and due diligence**

Once a registration form is submitted to us it will be checked for eligibility, using a variety of sources, including:

- Companies House.
- Credit Score via Mint/FAME.
- VAT number – Customs & Excise.
- Business rates registration – Local Authority.
- Business identity evidence – web and credit reference checks.

We may also ask for supporting documentation to confirm any aspect of eligibility, including latest company accounts, a P&L statement or proof of trading address, etc.

If a business is ineligible for Digital Enterprise assistance, the applicant will be informed by email, with the reasons for this decision. They may also be provided with further information about alternative funding schemes.

## **Assessment**

Should your business be deemed as being eligible for Digital Enterprise assistance, the next stage of the process will be for our team of Digital Growth Advisors to consider which strand of support you are eligible for – either a Digital Growth Voucher (to help fund a digital transformation project), Connectivity+ Voucher (to improve your digital/broadband connection), or participation in the Digital Knowledge Exchange (providing access to knowledge, expertise and advice on deploying digital solutions). Businesses will be informed by email as to which form of support Digital Enterprise can offer them.

## **Investment Appraisal**

For businesses who are offered a Digital Growth Voucher, further assessment will be undertaken by a Digital Growth Advisor, who will contact them to undertake an evaluation of their proposed digital investment proposal, consider its eligibility and determine which elements of the project

we are able to support. This may be done on the phone or by a site visit to the business premises of the applicant.

It is important for us to demonstrate that we are maximising the return on investment for the Digital Enterprise programme, hence proposed projects will be reviewed and appraised by an investment appraisal committee. This is a competitive process and applications will be ranked according to:

- The potential for digital transformation.
- The potential economic impact, in terms of creating good quality and sustainable jobs for the business.
- The potential impact on overall business performance improvements as a result of the investment.

Successful applicants will receive a 'Decision in Principle' email sent by their Digital Growth Adviser, which outlines the additional information required to process the application, including a declaration on the State Aid received by the business and information about the costs of the project in the form of quotes from at least three suppliers.

We understand that this can take some time to complete, leading to a delay in the issuing of a Digital Growth Voucher. As such, interested applicants may wish to start sourcing quotes at the earliest opportunity.

Unsuccessful applicants will be notified about the outcome of their appraisal and the reasons for this decision. They will also be notified of other form of Digital Enterprise assistance they may be able to access. Businesses will have the opportunity to reapply for Digital Growth Voucher funding for an alternative project in a later tranche of funding,

There is no right of appeal granted to applicants under this scheme.

## **Funding Agreement**

Once all requested information has been received by the Digital Growth Adviser, a Funding Agreement will be drawn up and sent to the applicant for signature via **DocuSign** (an electronic signature encryption system, to confirm their acceptance of the terms and conditions of the voucher funding), which include:

- The supply and retention of purchase evidence and original documentation, including receipts, invoices and bank statements showing payments.
- Evidence of the economic impact data relating to the investment (collected after 12 months).

## **Making a Claim**

Once applicants have signed the agreement, they are able to begin their digital transformation project. After applicants have completed their project and paid their chosen supplier the full

amount for their agreed investment they will need to provide us with **certified copies** of the evidence i.e. receipts from their supplier and a bank statement showing the expenditure (retaining all original documentation as agreed in the Voucher Agreement).

The Digital Enterprise team will then validate all the documentary evidence and issue payment to the value of the Voucher by an agreed payment method (electronic BACs payment or cheque).

Please note that any fixed assets purchased with Voucher funding, in excess of £5,000 (or £1,000 for mobile assets such as tablet PCs and mobile phones) will need to be recorded on an **Asset Register**. Information about the asset, including its value, serial number etc. will be recorded by a member of the Digital Enterprise team.

After 12 months, from the issue of the payment, we will contact the business to request details of the impact/outputs resulting from the investment project.

## Digital Growth Voucher Application Process

Visit our eligibility checker on our website.



No

Referral to another business support programme.

Yes



If eligible register with Digital Enterprise online.

Yes



We will assess your registration for business eligibility and consider which form of support we can offer.

If approved



We will contact you to learn more about your project to see if it is eligible for a Digital Growth Voucher.

If approved



Get three quotes for your digital transformation project.

If approved



Agree/sign the funding agreement detailing level of funding on offer.



Commence project.



Once project completed, submit your claim (with evidence of expenditure). We will then refund the value of the voucher.

The estimated time from receiving a registration form from a business to issuing a voucher will depend upon several factors, including eligibility, the applicant's ability to collect the evidence required and their supplier's ability to deliver the solution. Nevertheless, average voucher processing timescales are likely to be around 12 – 16 weeks.

## Procurement Guidelines

Investment projects funded by a Digital Growth Voucher will be for between £4,000 and £25,000. This will be subject to the three written quotes (one winning and two losing) – with the business indicating their preferred choice.

Applicants will be sent an Applicant Purchase Proforma, via DocuSign, which they should complete with the following key information about their procurement, including:

- Details of the digital technology solution being procured.
- Information on the three quotes that have been obtained from relevant suppliers, with written quotations attached.
- Details of the supplier that has been selected, including the reason/justification for the preference.

Once this form is returned to us with evidence of the three quotes, we will verify the details and write to the applicant confirming the award of the voucher (subject to all conditions being met).

Digital Growth Advisers will be able to offer further advice and guidance to businesses that are eligible for the scheme and wish to proceed with their application for a Digital Growth Voucher.

***Digital Enterprise reserves the right to alter or amend this guidance at any time.***

## Contact us

Should you have any questions about the Digital Growth Voucher scheme, please email [enquiries.DE@leeds.gov.uk](mailto:enquiries.DE@leeds.gov.uk)



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