EU GRANTS & BREXIT

AN UPDATE ON HOW EU GRANT FUNDING WILL BE EFFECTED BY BREXIT
THE GRANTED FACTSHEET
Types of grants with match funding percentages (intervention rates) and eligible cost centres:

BUSINESS GROWTH
- Acquisition of plant & equipment
- Motor vehicles
- Furniture, fixtures & fittings
- Computer equipment & software
- Building adaptations & improvements
- Site infrastructure (roads, drainage, landscaping etc.)
- Acquisition of land & buildings
- Some revenue expenditure can be included as eligible project costs.

RESEARCH & DEVELOPMENT
- Labour costs
- Administration support costs
- Materials consumed
- Capital usage
- Sub-contracts, consultancy fees (including fees for trial & testing)
- Travel & subsistence
- Training costs
- Project audit, legal & accounting costs

TRAINING
- Training for industry certifications
- Additional technical training
- In-house & outsourced training costs
- Travel & accommodation
- Apprenticeships
- Higher level qualifications

INFRASTRUCTURE
- Revenue Costs:
  - All costs other than direct staff costs which are essential for the delivery of the project.
- Capital:
  - Land acquisition
  - Building acquisition
  - Building & construction
  - Plant & machinery
  - Other equipment
  - Fees

SOCIAL ENTERPRISE
- Revenue Costs:
  - Salaries of project workers
  - Salaries of management staff
  - Recruitment of staff
  - Expenses of project staff & volunteers
  - Rent, heating, lighting, maintenance & insurance for buildings
  - Training of staff & volunteers working on the project
  - Monitoring & evaluation
  - Marketing & publicity
  - Professional & legal fees
- Capital:
  - Building & engineering works
  - Plant & equipment
  - Purchase of land, buildings, equipment or fixtures & fittings
  - Transport
  - Professional & legal fees associated with capital spend

INTER-REGIONAL PROGRAMME
- Human resources
- Services supply
- Operational costs
- Travel & accommodation
- Meetings & seminars
- Promotion & dissemination (incl. website)
- Equipment
- Purchase of land (maximum cap at 10% of total budget)
- Small infrastructure
- (if critical to project & beneficial to territory)

Disclaimer: Please note that the information above is for guidance purposes only. Each funding body and specific grant call will be subject to detailed eligibility guidance that needs to be checked and complied with before submitting an application.
Post-Brexit Grant Funding - A markedly changed world, but on a long timescale.

With the advent of a pro-leave referendum, companies in the UK face a potentially prolonged period of uncertainty. The vote to leave, whilst not yet enacted through Article 50, has put in motion the steps necessary for the UK to leave the EU. As a company involved with many organisations on an EU level, and successful in winning many EU grants, we have assessed the current situation and identified where the opportunities lie.

EU FUNDS

There are a significant number of EU funds that will be affected by a Brexit. These include funds to regions through ESIF and ERDF funding, those to research bodies, specific sectors such as agriculture and wider commercial businesses.

TIMEFRAMES

Funds that have already been allocated will likely not be affected, as the contracts to support the funding have been agreed. These include specific funds such as ODINE, a €100k incubator program with deadlines of the 30/06/16 & 31/08/16, as well as the open-to-all Horizon 2020 SME Instrument, for the current funding round.

This means applications to Phase 1 and Phase 2 should most definitely carry on as planned:

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<tr>
<th>Phase 1 Deadlines</th>
<th>07/09/16</th>
<th>09/11/16</th>
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<td>15/02/17</td>
<td>03/05/17</td>
<td>06/09/17</td>
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<td>08/11/17</td>
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<th>Phase 2 Deadlines</th>
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<td>18/01/17</td>
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<td>01/06/17</td>
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This means the ‘SME Instrument’ is still a huge (up to €2.5m) opportunity for UK based companies and represents a funding area where Granted clients have had significant successes.

Beyond these timeframes it is extremely difficult to be certain about any EU funds, this all depends on the stance taken by both sides during the negotiations. It is true we may still have access to these funds in their current form well into the future, such as Norway does, however, currently Norway pays in €656m and receives only €100m back in research grants. By way of comparison at the UK’s 24 Russell Group universities alone EU research funds add up to about £400 million a year, whilst the total invested in British SMEs since 2014 has been €5.5bn. This is a significant funding gap should funding be withdrawn entirely which, at this early stage, looks unlikely.

There are other attempts to retain funding levels, such as that by the vote leave region of Cornwall (https://www.cornwall.gov.uk/council-and-democracy/council-news-room/media-releases/news-from-2016/news-from-june-2016/council-to-seek-urgent-confirmation-from-
however it is still too early to know the likely impact of such calls and their potential effectiveness.

COLLABORATION

A number of EU funds require collaboration across EU member states (EUREKA, Eurostars) and it is likely that the UK would, if it wished to retain single market status, be required to contribute to these funds in this manner. As of yet further details about the validity of these funds not already contracted remains uncertain.

UK FUNDS

An area where there is more certainty is in the UK funding. Already the subject of a spending review the UK funding landscape is well defined and a plan has been published to provide innovation funding up to 2018-19.

This provides innovation funding opportunities to UK companies through Innovate UK and the first £15m Open Call under this new approach has been announced with a deadline of the 7th September.

Further specific calls are announced on a rolling basis, including current funds such as the Energy Catalyst Round 4 again with a registration deadline of the 7th September.

STATE AID

State Aid legislation impacts on grant funding by affecting the amount of money that can be claimed by companies in the EU. This is both to prevent the state from “propping up” failing industries, as well as to ensure no single company receives a disproportionate rate of support from the state, be that the UK or the EU.

The implications of Brexit upon the State Aid legislation is, as yet, not fully known, however if, as is likely, the UK wishes to retain access to the EU single market, it will be obliged to accept the existing EU competition, trade and State Aid rules.

LEADERSHIP AND PLANNING

There is a huge amount of uncertainty, as there always is in running a company, and the Post-Brexit landscape will affect different companies in different ways. What is (currently) certain is that funding opportunities still exist and can be extremely generous (£2.5m for SME Phase 2 for example) at high (60-100%) intervention rates.

The key to managing both your company and your innovation approach is to, as much as is feasible, plan multiple scenarios and demonstrate strong leadership. We continually receive calls from clients that wish to apply for funding a week before a project starts or after they have purchased their equipment.

The trick to accessing grants is to plan ahead and let the funding compliment your entire business plan, as often grants open doors that weren’t previously viable. The best way to navigate grants in a Post-Brexit world is to seek advice, plan prudently and take advantage of every opportunity.
How is European Grant Funding going to be affected by Brexit?

While we in the business community, (and specifically the cutting edge businesses at the forefront of innovation and growth, that Granted Consultancy are working with), try to come to terms with Brexit, here is some information about how Brexit will impact EU grant funding.

Specifically with regards to UK participation in the Horizon 2020 programme (H2020 – the flagship EU R&D grant funding programme) there are links in this blog to relevant reading and viewing materials. To save you the glorious detail we have summarised this as far as possible in three statements.

EXHIBIT A –

The Q&A document Published on the back of the press conference of President Juncker highlights that “During negotiations under Article 50, European Union treaties and law continue to apply to the UK.” Positive start. From this we can deduce that (at least) until the UK invokes Article 50 it will be a participant in the H2020 programme. Regarding timeframe, this will mean (if we can trust Cameron for a moment) waiting for a new UK Prime Minister to be appointed and the new cabinet invoking Article 50. People in the know put this at between 3 and 6 months from today.

EXHIBIT B –

Furthermore, this also implies that the UK will continue to be subject to EU law and treaties during discussion negotiations of Article 50. As we have all been reading over the weekend the UK has a 2 year period of negotiations under Article 50 before Brexit is official. So, it seems likely that UK companies will be eligible under the H2020 grant programme for at least the next two years. See extract from that same Q&A document:

“The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.”

EXHIBIT C –

Our clients looking at securing R&D funding will tell you that even 2 years is a relatively short timeframe to be working with, so what might the future hold for R&D grant funding under Brexit? Under the current programme, countries in Europe and indeed some outside of Europe, regardless of whether they are member states, participate in the H2020 programme and can receive grant funding. For example, Norway (not an EU member), Israel and South Korea are all active participant nations. The key to qualification is contribution of funding.

The UK will certainly have the option to continue to be a part of this Horizon 2020 programme to 2020 and furthermore, have the option to be a part of the next iteration of EU-wide R&D funding coming online in 2021/22. Sure, it is now unlikely that the UK will be able to influence...
the allocation of R&D grant funding to the same extent, but the future looks optimistic from where we are sitting as experts in the grant funding sector working with ambitious businesses across Europe.

For more material, please refer to the joint statement of the four Presidents, the messages issued at the press conference of President Juncker (including his answers to questions by journalists), and the Q&A document.