

North Highland Regeneration Fund



Scheme Rules

The NHRF aims to grow the number of permanent, sustainable jobs in the area by encouraging entrepreneurship.

The NHRF will lend sums to qualifying businesses on the basis that the loan will be repaid with interest over a period to be agreed at the time of application. The specific terms of each loan will be decided by the NHRF Board following recommendation by the Management Company.

Eligibility

Applications are open to organisations resident in the Dounreay Travel to Work Area (“the Area”) (as defined by the Board) and/or those investing in or proposing to invest in the Area. Applicants must demonstrate the use of the loan will result in the creation and retention of jobs within the Area without displacement of existing jobs. Applications may be considered from organisations wishing to move into the Area but all projects, including all job creation, must take place in the Area.

Schemes should demonstrate long term viability and a commitment to continuing operations in the area. Schemes should not be reliant upon the operation of the Dounreay site.

Loans are usually made on the basis of unsecured low rate loans. As such they are not available to private individuals. All applicants must have an appropriate commercial vehicle to which funding can be delivered (usually a limited company or limited liability partnership). Security may be required in some instances.

Business sectors excluded from the scheme include:

- Primary Agriculture (including forestry)
- Business to consumer retail operations (within the Area).
- Financial Service businesses
- Property development and construction

The scheme is open to small to medium sized enterprises.

All applicants must be 18 years or older.

Loans are normally provided to fund capital projects or the provision of consultancy services. However, in certain circumstances, working capital support will be considered where it will lead to meeting the aims of the Fund.

Loans will not normally be available for the purchase of property, or property related activities, these should usually be the subject of normal borrowing.

Disposal of the business or relocation outside of the Area will mean that any applicant is liable to repay immediately and in full any outstanding balances.

Financials

Loans of between £5,000 and £50,000 will be available. The Board may consider a higher amount in certain, exceptional, circumstances.

Interest rates for the Scheme will be reviewed on 1st April and 1st October each year. The rate will be set at the prevailing Bank of England base rate plus 1%, with a minimum interest level of 3% applying.

For each new loan the interest to be applied will be that prevailing on the date of the legal offer of the loan. This rate may be adjusted over the period of the loan.

Interest will be calculated on a reducing balance method.

Repayments will be made monthly by standing order.

All loans must be repaid within 60 months, including any agreed repayment holidays, unless Board approval is granted.

In exceptional circumstances and entirely at the discretion of the Board, a repayment holiday, capital only, may be available if applicants can demonstrate the necessity. Interest payments on the loan will still apply.

The total of all public funding for the project must not exceed 50% of the project total. The applicant must declare all other sources of funding obtained relating to the same or similar business.

Early repayment of the loan is allowed with a one -month period of notice required. Interest on early repayment will only be calculated to the date of early repayment.

An arrangement fee for the loan, may be required on completion of the loan. The fund also reserves the right to charge an annual monitoring fee of 1% of the outstanding balance at the year-end if required.

No expenditure incurred prior to the date of submission will be eligible for assistance under any circumstances.

Top up loans can be authorised by a quorate Board where that Board believes such loans will help to protect the original loan on a balance of risk argument.

Information Requirements

The key criteria against which funding awards will be made are as follows:-

- A clear gap exists in the available funding or cost of the available funding
- Viability of the business
- Potential growth in terms of employee numbers
- Environmental awareness and action
- Good practice in equal opportunities
- Digital business awareness
- Any other factor that NHRF in its reasonable opinion considers relevant to achieving the aims of the Fund

For the avoidance of doubt, the applicant is not required to meet all key criteria.

Credit references will be used to determine the financial standing of the business and the individuals concerned. Recourse may be had to credit reference agencies for this purpose.

Loans will be payable by BACS/CHAPS transfer and all offers must be taken up within three months of the offer letter. Loans will only be disbursed upon presentation of a valid business narrative, financial projections with cash flows illustrating that the loan repayments can be made along with the required copies of historical trading accounts.

All applications should be supported by:

- Prior year accounts, if available
- Forecast P&L covering the 2 or 3 years demonstrating:
 - Ability to service the loan interest and repayments of principal and
 - Ability to service matching funds interest and repayment.
- Balance sheets and cash flows covering the same period as the submitted P&L accounts;
- Brief description and history of the business
- Description of products, services, applications, significant product advantages, current technology used, and proposed future developments.
- Analysis and description of markets, type, size, share, and marketing strategy to retain existing customers and obtain new ones.
- Resources available – Background and skills of key personnel, details of employees, operations, equipment and premises.
- Description of project for which funding is sought and the reasons for the project.

For New Businesses

- An analysis showing strong evidence of a business market. This can be done in a variety of ways eg receipts from customers and letters from potential customers.
- Identification of financial management skills and/or arrangements

Financial Information

Existing Businesses – (up to £15,000)

- Two years historic accounts to the latest year end
- Management accounts from the latest year end to the date of application
- Two years Cash Flow forecasts demonstrating the effect of the project in question.

Existing Businesses – (£15,001 to £50,000)

- Three years historic accounts to the latest year end
- Management accounts from the latest year end to the date of application
- Three years financial projections from the last month covered by the management accounts, Cash Flow, Profit and Loss Accounts and Balance Sheets.

New Businesses

- Two years projected Cash Flow forecasts
- Two years profit and Loss forecasts
- Two years forecast Balance Sheets
- If there is a short trading history then management accounts up to the date of application should be included.

Applicants may also be requested for further details covering marketing, technical information, products, and any supporting literature published by the applicant business or relied upon in support of its application.

General

Applicant details will be confidential, but the Fund reserves the right to publish details of any loan award made in accordance with the Freedom of Information Act.

All applicants accept that as part of the loan support, businesses accept an ongoing relationship with NHRF and its Management Company. This entails regular submission of financial data and will also include regular visits to the business premises for the purposes of monitoring and assistance during the progress of the project and the business, including participation by the applicant in an annual review by the Fund or its nominated representatives. The first stage will usually take place at the three month stage following receipt of the loan.

Audits may be required by the Fund or any of the funding agencies involved. Businesses accepting loan assistance are deemed to have agreed to meet the requirements of any audit including where necessary visits to the business premises for which appropriate prior notice would be given.