



## LCR Future Innovation Fund

### State Aid Eligibility

#### **Is your organisation eligible under State Aid rule for a Future Innovation Fund Grant?**

State Aid rules are designed to ensure fair competition between different companies operating within the same industry or market across the EU. They control the amount of funding that any one company can receive from public sources, to prevent it from getting an unfair advantage over its competitors.

If your company has already received a significant amount of funding from public sources within the past three years, then there is a possibility that it may not be eligible for a Future Innovation Fund grant. This public funding could include central or local government grants or subsidies, interest free loans, guarantees or debt write-offs. The following is designed to assist you to check your company's eligibility:

#### **Is your company covered by the "de minimis" exemption?**

A company can receive up to 200,000 euros (approximately £180,000) in public funding over a rolling three year period without breaching State Aid rules. In order to work out whether this exemption applies to your company, you will need to calculate the sum of any public funding you have received in the last three years together with the value of the Future Innovation Fund Grant that you are planning to apply for. If this total is less than £180,000, then you are eligible for the Grant.

For example:

Public funding received in past three years = £120,000

Future Innovation Fund Grant applied for = £50,000

£120,000 + £50,000 = £170,000.

This is less than the de minimis limit, so you are eligible to apply for this grant within State Aid rules.



**What if your company is not covered by the "de minimis" exemption?**

There are two routes if this is the case, one is the UK National Temporary Framework for State Aid, and the second one is providing us with a state aid exception route, for example through the General Block Exemptions Regulations (GBER). Both routes are covered below.

The UK National Temporary Framework for State Aid was approved in April 2020 to support SMEs in the UK affected by the coronavirus outbreak. This Temporary Framework allows SMEs to receive public funding in excess of the "de minimis" exemption, if it is for one of the following purposes:

- To support COVID-19 related research and development;
- To support the production of products relevant to tackling the COVID-19 outbreak;
- To support the development of COVID-19 testing facilities; or
- Where funding is required for a COVID-19 related purpose and no alternative non-public funding sources are available or affordable to the SME.

There are two specific conditions to be aware of that may restrict your company from using the Temporary Framework to be eligible for a Future Innovation Fund Grant. Firstly, you must not have been an "undertaking in difficulty" on 31st December 2019. The EU's definition of "undertaking in difficulty" can be found at Article 2(18) of the General Block Exemption Regulation relating to State Aid. You may wish to take advice on this, however if your company was trading solvently on 31st December 2019 you are likely to meet this condition. The second condition is that you must use the whole of the Grant by 31st December 2020.

If you consider that your company is eligible under the Temporary Framework then you must specify this as your State Aid eligibility grounds on the checklist.

**What if your company is not eligible under either the "de minimis" exemption or the Temporary Framework?**

You may still be eligible for a Future Innovation Fund Grant, as there are a number of other exemptions under State Aid rules that could potentially apply to your company. However, you will need to take specialist advice on this and set out the grounds on which you consider that you are eligible within your application. This will then be reviewed by a member of the Combined Authority legal team.