

## Future Fund - Q&A

### 1. What is the Future Fund?

The Fund is designed to support capital projects in the region, focusing on innovation; achieving net zero; digital connectivity; and the skills required to support these areas i.e. green skills and digital skills. We aim to support projects where, for a number of reasons such as the nature of the innovation or return on investment, more traditional funding routes have not been successful. Demonstrator and pilot projects will be considered where they meet the identified focus areas, ensuring the Enterprise M3 region maintains strong and resilient economic growth and prosperity.

### 2. Why does the Future Fund focus on innovation; achieving net zero; and digital connectivity? Can I submit an application for a project idea in another theme?

The Future Fund's themes are aligned with Enterprise M3's priorities. Applications that fall outside these focus areas will not be considered.

### 3. Who can apply?

The fund is open to businesses and business support organisations, universities and colleges, local authorities, other public sector bodies and third sector organisations based in the Enterprise M3 area.

### 4. Are start-ups eligible to apply?

Yes, if your organisation is based within the Enterprise M3 area.

### 5. Can an organisation submit more than one Business Case?

Yes, but note that this is a competitive process, Enterprise M3 may not shortlist any of your proposals.

### 6. How will projects be selected?

Applications are made by submitting a project Business Case and the template for this can be downloaded from the Future Fund page. Following review of submitted applications, Enterprise M3 will invite shortlisted organisations to present their proposals. Following the presentations and due diligence, finalised Business Cases will be submitted by shortlisted applicants for further review.

Projects that are selected for funding will be those that not only meet the Future Fund criteria but also maximise the economic growth potential in the Enterprise M3 region.

### 7. What is the value of the fund, and is there a minimum or maximum amount of funding per project?

The total value of the fund is currently £10 million. There is no requirement for this to be invested within a particular timeframe, and we will only support high quality proposals. We have not set a minimum or maximum funding amount per project, but we are aiming to support a small number of high impact projects only.

### 8. Is the funding capital, revenue or a mix?

The Future Fund consists of capital funding only.

**9. How will funding be provided?**

Enterprise M3 funding will be provided in the form of an interest repayable loan, or a grant. In order to maintain the 'revolving' nature of the Future Fund, loans are the preferred funding option.

Enterprise M3 will however consider making grants where there is a clear rationale for this, and where projects deliver high economic value. Where a grant is requested but Enterprise M3 consider that a loan is more appropriate for the project, Enterprise M3 reserve the right to inform applicants that their project will only be considered on a loan basis.

**10. What is the contracting mechanism?**

Funding agreements will be issued through Hampshire County Council who are the Accountable Body for Enterprise M3.

**11. When will the funding be provided to projects?**

The timing of payments from the Future Fund will be informed by each project's timescale and investment requirements.

**12. Will I receive feedback if my application is unsuccessful?**

Yes, all applicants will be provided with feedback.

**13. Given the current uncertainty about the future of Local Enterprise Partnerships, what will happen to new projects taken forward under the Future Fund?**

Projects will be funded under agreements with Hampshire County Council (HCC) which is the Accountable Body for Enterprise M3. In the event of Enterprise M3 ceasing to operate, HCC would continue to be responsible for those projects under the funding agreements or would ensure the transfer of that responsibility to another successor body.

**14. Are you able to confirm what the likely loan interest rate/payback period is for the loans under this fund?**

Typically, the interest rate would be based on the Bank of England base rate plus a small premium, but the final rate may be adjusted in line with the risk profile of each project.

The payback period would be informed by the nature of the project and expected timescales for completion of the project and delivery of its benefits. For example, we may seek repayment over 3 years from project completion or within 5 years of project start.

**15. Are you also able to confirm how the grant approach would work – is it 100% grant funding or is it a percentage of the total project costs?**

100% grant funding is not available, and all projects are required to have match funding – see Q.17 below.

**16. Can you confirm when any funding needs to be spent by**

The timing of payments from the Future Fund will be informed by each project's timescale and investment requirements.

**17. What percentage of match funding is required?**

Ideally, Enterprise M3 funding should be no more than 50% of the total direct investment in the project. The higher the matched funding available, the greater your chance of being successful with your application.

**18. Can EM3 clarify what Capital covers?**

Capital costs means expenditure on an asset that will provide your organisation with control of the resulting economic benefit or service potential and that has a measurable cost. For the avoidance of doubt, the Future Fund is not covering operational costs.

**19. Can you explain what revenue match funding is.**

The reference to "capital or revenue match funding" in the Guidance Notes has been removed as information about the type of match funding is not required by EM3.

**20. Will the Future Fund also cover operational costs?**

All funding is capital. There is no revenue funding available.

**21. Would a digital platform technology that provides our organisation with significant economic benefit be suitable for capital funding?**

A digital platform technology may be considered suitable for capital funding if it is an outcome of the project.

**22. There is a stated preference for loans in the documentation. If we apply for a grant instead of a loan does that count against us, or what additional rationale do we need to provide for grant application?**

No, applying for a grant does not count against a proposal. The Future Fund will consider project proposals for grant funding where there is a clear rationale put forward by the applicant. The business case application form includes a section (§2.2) where applicants will set out why they consider a loan or grant as the most suitable for their project.

Where Enterprise M3 consider that a loan is more appropriate for the project, we reserve the right to inform applicants that their proposed project will only be considered on a loan basis.

**23. Do you have an ideal award band? Can you provide guidance on your preferred band so we can scope the project into a suitable application.**

We haven't set a minimum or maximum funding level as we recognise that there will be a wide range of proposals for projects at different development stages, each with their own funding requirements.

Whilst up to £10 million of Capital funding is available, we anticipate funding only a small number of projects. All applicants should scope their proposals based on their project's requirements.

**24. I can see in the FAQs that loans will be repayable with interest, are there any charges for grants?**

An application fee will be applied to successful grants.

A 2% application fee will apply to successful grant applications and will be charged to contribute towards the costs of administering the funding including the appraisal, undertaking due diligence and programme level monitoring processes. The fee should be considered as a project cost and included within the funding sought from the Future Fund, effectively making the fee recoverable by the applicant. Provision for this should be included in the costing of your proposals.

The fee will be payable following confirmation from Enterprise M3 that the project will be funded. Confirmation of which projects will be funded will follow the submission and review of Final Business Case applications in November.

For the avoidance of doubt, loan interest payments cannot be included in your project costings.

**25. Is the Future Fund open to collaborative bids?**

Yes, collaborative proposals can be submitted to the Future Fund but note that the funding agreement will be placed with a single organisation. The funding will be provided to the project's lead organisation, i.e. the organisation who has signed the funding agreement. It is for the lead organisation to decide how they wish to use other organisations within the project, whether as partners or as subcontractors.

If you have a question about the Future Fund, please email [EM3FutureFund@enterprisem3.org.uk](mailto:EM3FutureFund@enterprisem3.org.uk)

Version 1.3

30 August 2023