



Micro Capital Grant

Grant Guidance Notes

1. Aim of the Grant

This grant supports sole traders, micro, and early-stage businesses based in the South Midlands area to unlock their innovation potential.

It provides **capital** funding to:

- Drive growth
- Enhance innovation

2. Innovation

Funding should help your enterprise become more innovative. This could include product, service, or process innovation, such as:

- Introducing a new product to the business or the market.
- Introducing a new service to the business or the market.
- Introducing a new process to the business.

New to the market:

A product is considered new to the market if there is no other product offering the same functionality, or if the design or technology is fundamentally different from existing products.

New to the business:

Funding can also support developing a product or service that is new to your business (i.e. your business has not previously produced it or the production technology is fundamentally different).

Products can be tangible or intangible.

3. What Funding Is Available

- Individual grant amounts: £500 - £3,000.
- 50% match funding is required (you must fund at least half of the total project cost yourself).
- Grants are for **capital expenditure only**.

Submitting an application does not guarantee funding. Applications will be assessed competitively.

4. Eligible Businesses

Applicants must:



- Be an SME (your company (or group) must employ less than 250 people and your turnover is less than €50m or annual balance sheet less than €43m).
- Be a registered enterprise.
- Be based in the South Midlands registered in the UK).
- Must not be an “undertaking in difficulty”.
- Charities and not-for-profit organisations are eligible if they meet the scheme obligations.
- Businesses in liquidation, dissolved, struck off or subject to a striking-off notice are **not** eligible.

5. Eligible Costs

You can apply for between £500 and £3,000 towards costs directly related to delivering innovative projects. Examples include:

- Purchase of plant, equipment, or machinery.
- Software development.
- Website development – website development costs can be capitalised if the following conditions are met:
 - The costs are directly related to the creation or acquisition of a website or web application that will be used in the business's operations.
 - The website or web application is expected to provide economic benefits to the business over a period of time and not simply for promotion and advertising purposes.
 - The costs can be reliably measured.

6. Ineligible Costs

Examples of costs that cannot be funded include (this list is not exhaustive):

- General business set-up, core running or staff costs, working capital (e.g. stock, wages, salaries, debt repayment, utility bills), or costs solely for statutory compliance.
- Items not directly related to the proposed project.
- Costs incurred before a grant offer is made or after the scheme end date.
- Routine or like-for-like replacement of existing items (unless driven by energy efficiency or carbon reduction).
- Laptops and software licences used for general administration.
- Vans or commercial vehicles.



- We are unable to accept more than one application from linked companies in this funding round. Linked companies are businesses that are connected – for example, if one company owns or controls another, or if they share the same owners or directors.

If you are unsure if your costs are eligible, please check with us before applying.

7. Application Process

There is a two-stage application process:

1. Expression of Interest (EOI)

- Assesses project eligibility
- Grant team will respond within 5 working days
- **Deadline for receipt of EOI: 5.00 pm on Wednesday 17th December 2025.**

2. Full Application

- If your EOI is approved, you will be invited to submit a full application and supporting documentation.
- Successful projects **must not start until written approval has been issued** (expected from week commencing 23rd February 2026).
- **Deadline for receipt of applications: 5.00 pm on Tuesday 20th January 2026.**
- Projects must be completed by 31st December 2026.
- If you find the application form difficult to complete, we can offer a video submission alternative. Please contact us on mcg@southmidlands.org.uk for further information.
- Incomplete applications or missing documentation will be rejected, and you may not get another chance to reapply. If you need help, contact: mcg@southmidlands.org.uk.

8. Procurement Rules

All projects must comply with procurement procedures.

We would recommend discussing your intended procurement approach with a Business Adviser before applying.

Contract

Value (excl. VAT)	Requirement
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Up to £4,999	At least one written quote from a local provider.
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£5,000 up to £24,999	Seek to obtain at least three written quotes (at least one from a local provider). If you are unable to submit the required number of quotes, you will need to show evidence that you have sought to obtain a quote via email.
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All quotes must:

- Come from independent, unrelated suppliers.
- Be sourced independently (not by a supplier on your behalf).
- Include: itemised costs, VAT status, business name/address/phone, company number, VAT number, website.
- Be comparable (“like for like”).
- Be less than 3 months old and still valid.
- Be addressed to your organisation.

You are not obliged to accept the lowest quote, but you must provide written justification showing  experience and/or value for money.

If awarded funding, you must use the named preferred supplier unless you get prior written approval for any changes.

9. Submission

Please submit your application via the online portal by **5.00pm on Tuesday 20th January 2026**.

10. Assessment and Offer

Applications will be reviewed by an independent Investment Panel, which will consider:

- Clarity of proposal.
- Value for money.
- Impact on the business and local economy.
- Deliverability.
- Financial viability of the business.

The Panel has the right to refuse grant assistance or decide on the percentage of grant awarded against eligible expenditure. The Panel’s decision is final.

If approved, you will receive a Grant Offer Letter - this date is the earliest you can start your project. Costs incurred before this date are ineligible.

11. Claiming the Grant

You will need to purchase the items first before claiming the grant. Once you have paid for the goods/services, submit a grant claim form with:

- Certified copies of supplier invoices.
- Certified redacted bank statements showing payment from your business account.

12. Implementation and Changes



HM Government

**South Midlands
Growth Hub**

Any changes (supplier, value, timescales) must receive prior written approval from the Growth Hub/Investment Panel.

Unapproved changes will invalidate your grant.

13. Contact

If you have questions about the scheme, application process or documentation, contact:

mcg@southmidlands.org.uk requesting support from a Business Adviser.