



Carlisle City Council

Report to Executive

Report details

Meeting Date:	23 March 2023
Portfolio:	Economy, Enterprise and Housing
Key Decision:	No
Policy and Budget Framework	No
Public / Private	Public
Title:	Carlisle Enterprise Fund
Report of:	The Corporate Director of Economic Development
Report Number:	ED.10/23

Purpose / Summary:

The purpose of this report is to provide an overview of the Carlisle Enterprise Fund that was approved in principle by the Executive [ED.26/22 EX.133/22] as part of the Year 1 programme for the UK Shared Prosperity Fund. The Enterprise Fund forms part of the interventions identified by the Council to deliver against the supporting local business investment priority.

The report sets out the policy framework and the application and eligibility criteria for the Enterprise Fund and seeks delegation for the authorisation of payment of the grants to the Corporate Director of Economic Development, in consultation with the Portfolio Holder of Economy, Enterprise and Housing.

Recommendations:

Executive is asked to approve:

1. The application and eligibility criteria for the Carlisle Enterprise Fund (Appendices A and B).
2. Delegated authority for the authorisation of payment of the grants to the Director / Assistant Director with responsibility for the delivery of the UKSPF programme, following consultation with the Portfolio Holder, and the S151 Officer

3. Delegated authority for the Director / Assistant Director with responsibility for the delivery of the UKSPF programme, following consultation with the Portfolio Holder, and the S151 Officer to agree any future amendments to the policy.

Tracking

Executive:	23 March 2023
Scrutiny:	
Council:	

1. Background

- 1.1 The UK Shared Prosperity Fund (“UKSPF”) has allocated £4.1 million for the Carlisle area over a three-year period 2022-2025. To access the investment the Council has developed an Investment Plan (“the Plan”) which has been approved by the Department for Levelling Up, Homes and Communities, which sets out the programme for the UKSPF funding, how it will be used and the interventions / projects that will be delivered.
- 1.2 The Year 1 programme, to be delivered by Carlisle City Council, has already been approved by the Executive [ED.26/22 EX.133/22] and has allocation of £498,138. The Carlisle Enterprise Fund (“the Fund”) formed part of that programme was approved in principle and forms part of the interventions to deliver against the supporting local business investment priority.
- 1.3 The objective of the Fund is to support local businesses across the district to grow and innovate by providing grants to local businesses to help with capital investments, growth, productivity improvements or efficiency gains. Through ongoing business support activity being delivered by the Council, a number of businesses have indicated / requested the types of support that would be available from the Fund.
- 1.4 The next step is to approve the policy framework and the application and eligibility criteria for the Fund, so that grants can be awarded.

2. Fund Policy Framework

- 2.1 The detailed criterion for the Fund is set out in appendix A. However broadly, grants would be open to SMEs seeking investment to boost growth and productivity of their businesses that would either create or safeguard jobs.
- 2.2 In order to qualify for the Fund, businesses must fall into either of the following categories:
 - A new start-up within the administrative area of Carlisle City Council
 - An existing SME currently trading within the administrative area of Carlisle City Council and demonstrating growth / expanding to a larger premise.
- 2.3 The Fund would provide grants for local business that are growing and expanding and would support the following types of activity:
 - Moves to new premises
 - Improvements to existing premises
 - Installation of new infrastructure
 - Purchase of significant capital items

- Marketing
- Development of new products or services
- Consultancy support,

2.4 The grant application process will be administered internally by the Regeneration team. Businesses would need to apply for the grant via the application form attached (Appendix B). It is proposed that authority to grant payment be delegated to the Corporate Director of Economic Development, in consultation with the Portfolio Holder of Economy, Enterprise and Housing.

3. Risks

3.1. The following risks (in grey) have been identified, with mitigation/management actions below (in white):

<i>Risk 1: Businesses fail to open or close after receiving funding</i>
<ul style="list-style-type: none"> - As part of the business grant application process, a review of the applicants' project / business plan to have confidence of the viability of the project. - A monitoring and evaluation strategy will be established, involving a 6 /12 month follow up with businesses. The Council also withholds the right to reclaim any funding where a project / business fails to achieve the stated outputs / outcomes.
<i>Risk 2: Businesses do not use the fund as outlined in their application/funding is used to fund ineligible costs.</i>
<ul style="list-style-type: none"> - Quotes / costed specifications of works will be obtained and assessed before funding is released. - A monitoring and evaluation strategy will be established, involving a 6 /12 month follow up with businesses. The Council also withholds the right to reclaim any funding in the event that any funding that has been used incorrectly.
<i>Risk 3: The outputs/comes of the project are not realised</i>
<ul style="list-style-type: none"> - Businesses are asked to identify the outputs/comes of their project, including job created / safeguarded and floorspace developed. - A monitoring and evaluation strategy will be established, involving a 6 /12 month follow up with businesses. The Council also withholds the right to reclaim any funding where a project / business fails to achieve the stated outputs / outcomes

4. Conclusion and reasons for recommendations

4.1 One of the key strategic priorities of the Carlisle Economic Strategy 2021-2016 is to drive the economic recovery from Covid-19, and a key objective is support local businesses across the district to grow and innovate.

4.2 Therefore, and building on the success of the previous business grants schemes, the Fund has been developed in order to provide funding for local businesses to help with

capital investments, growth, productivity improvements or efficiency gains. The Fund formed part of the Year 1 UKSPF programme was approved in principle by the Executive and forms part of the interventions to deliver against the supporting local business investment priority.

4.3 The Executive is asked to approve:

- The application and eligibility criteria for the Carlisle Enterprise Fund (Appendices A and B).
- Delegated authority for the authorisation of payment of the grants to the Director / Assistant Director with responsibility for the delivery of the UKSPF programme, following consultation with the Portfolio Holder, and the S151 Officer
- Delegated authority for the Director / Assistant Director with responsibility for the delivery of the UKSPF programme, following consultation with the Portfolio Holder, and the S151 Officer to agree any future amendments to the policy.

5. Contribution to the Carlisle Plan Priorities

5.1. The Scheme will support the delivery of the vision set out in the Carlisle Plan, which is to enable Carlisle to grow and prosper as the capital of the Borderlands region. It also contributes directly to the priority of delivering inclusive and sustainable economic growth, by making Carlisle a more attractive place for investment, improving skills and drive key sector development.

Contact details:

Contact Officer: Steven Robinson Ext: 7535

Appendices attached to report:

- Appendix A - Carlisle Enterprise Fund Policy
- Appendix B - Carlisle Enterprise Fund Application Form
- Appendix C - Equality Impact Assessment

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- UK Shared Prosperity Fund - Year One Delivery of Investment Plan ED.26/22

Corporate Implications:

Legal – The policy is subject to Executive’s approval to accept the UK Shared Prosperity Fund, which is subject of a separate report ED 26.22, therefore implementation should be subject to this decision.

The Equality Act 2010 replaced the previous discrimination legislation in Great Britain relating to sex, race, discrimination, sexual orientation, religion or belief and age. It affects the Council in a number of ways, particularly in respect of our role as an employer and a service provider. Public bodies are subject to the Public Sector Equality Duty in all their decision-making and should ensure that they meet these obligations when taking decisions on UKSPF, including this grant. The Grant policy should include a statement within the policy on how this duty will be discharged when making decisions on how to allocate the grant.

The Grant Policy includes a statement on how the Council is to comply with the subsidy control regime and how the applicants will need to assist the council in this compliance on application.

Property Services – No property implications

Finance – There is funding totalling £37,893 allocated within Year 1 of the Shared Prosperity Funds for the Carlisle Enterprise Fund; £10,000 and £27,893 for capital and revenue spend, respectively. These funds are allocated in the 2022/23 budget and should be spent in accordance with the attached policy. The correct accounting distinction between revenue and capital must be applied.

Equality - Recommend an Equality Impact Assessment accompanies the report to assess the overall impact of the grant scheme on the public sector equality duty.

Information Governance- None



Carlisle City Council

Carlisle Enterprise Support Fund - Policy

Introduction

- 1.1 Carlisle is a crucial service centre for the Borderlands area, with a retail catchment of over 500,000. Following the COVID-19 pandemic, and ongoing cost of living pressures for both business and communities, business are facing clear challenges across the country, and we recognise that in order to support Carlisle and its city centre in this challenging economic context, businesses and organisations need the confidence to invest.
- 1.2 In order to support investment, Carlisle City Council is offering small High Street Growth Grants to businesses looking to occupy vacant space in High Street Areas. This fund supports our High Streets by reducing vacancy rates and encouraging investment and growth. Carlisle City Council also recognises the need to support existing and non-high street businesses in the face of additional economic challenges, and is therefore creating a new **Enterprise Support Fund**, to offer targeted financial support to businesses across the District.
- 1.3 This grant funded will be delivered using the UK Shared Prosperity Fund (UKSPF). Carlisle City Council has identified Supporting Local Businesses with financial support as a key intervention through Carlisle's UKSPF Investment Plan.
- 1.4 This is a scheme for the year 2022/2023, there is a fixed budget for this fund for the financial year 2022/2023, once this funding has been allocated the grant programme will end and we will not be able to approve further grants under this scheme.

Eligibility

- 2.1 The Carlisle Enterprise Support Fund is a grant for businesses occupying commercial units in Carlisle, this is a District-wide support fund, complementing the High Street Growth Grants.
- 2.2 The award of the grant is subject to an appraisal process. This is a discretionary grant, and the decision to award a grant is entirely at the Council's discretion. The following outlines the criteria which will inform how the Council will make its decision.
- 2.3 Businesses must demonstrate the business is viable and contributes to the local economy by, for example:

- Bringing innovative products/services to market
 - Providing an offer that is unique or bespoke to the area
 - Providing products and services with a clear social/community value
- 2.4 Any financial arrears to Carlisle City Council will be taken into account, as will any previous financial assistance provided by the Council to the business or linked businesses.
- 2.5 **Criteria for businesses** - in order to qualify for this grant, businesses must fall into **one** of the following categories:
- A new start-up within the administrative area of Carlisle City Council
 - An existing SME currently trading within the administrative area of Carlisle City Council and demonstrating growth / expanding to a larger premises.
- 2.6 **Criteria for the premises-** In order to qualify for this grant, businesses must demonstrate that the property they are looking to trade from meets **all** of the following criteria:
- Must be held by the applicant for a minimum of a 2-year lease.
 - The premises (or part thereof) from which the business trades is for their sole business use and is liable for business rates.
- 2.7 **Examples of eligible capital expenditure include:**
- Physical improvements to the premises for example: improvements to the internal layout, fittings or frontage of the building and signage - subject to the relevant consents / planning permission being secured.
 - The installation of infrastructure, subject to the relevant consents / planning permission being secured.
 - The provision/purchase of equipment essential for the operation of the business.
- 2.8 **Examples of eligible revenue expenditure include:**
- Marketing and promotion
 - Employee training and development
 - Market research and growing customer bases
 - Contribution towards the costs of delivering an identified service or activity which is deemed to demonstrate or contribute towards driving innovation, or provides social / community value
- 2.9 Businesses will be asked to demonstrate the clear strategic fit with UKSPF Investment Plan priorities, and clear benefits of the projects to the wider area, this may be through for example providing high skilled employment opportunities or developing or improving a product/service with clear social/community value. The applicant must clearly demonstrate how the project they are requesting funding for meets these objectives. It will be the final

decision of the Council to determine whether projects submitted to businesses are eligible for the fund.

- 2.10 We require the use of the funds to be fully transparent and traceable in order to award a grant. Therefore, all works funded by the grant must be undertaken by a professional company, with quotes of works provided alongside the application to evidence the use of the fund. As this is being funded by public sector funding, we have a duty to ensure best practice. We therefore require the applicant to follow the Council's procurement processes, which may include providing at least 3 costs of works with their application, to ensure value for money. Exceptions to this requirement can be made on a case by case basis, depending on the nature of the project / investment and the types of supplier appropriate.
- 2.11 An assessment of the financial viability of the business will be made. If the Council deems the business or project to be unviable, a grant will not be awarded. To do this, we ask that applicants provide us with an overview of the business proposal and evidence that the business will be sustainable, for example by submitting a business plan and 12-month cashflow forecast.
- 2.12 The type of business, and how they contribute to the local economy and communities will be taken into account when making our assessments. We will not award grants to businesses under A5 use class (takeaways) or certain other uses, including betting shops and adult shops.
- 2.13 The scale of the project will determine the level of grant awarded. Large scale projects will receive a higher level of grant than smaller scale projects.
- 2.14 This grant is an in-kind contribution to investment and not a full subsidy for businesses. Businesses will be expected to contribute to the project funded by the grant themselves..
- 2.15 Carlisle City Council may seek to reclaim some or all of the grant within 3 years of the award, should the business close, relocate out of the city or be sold/sell the assets funded by this grant. This includes equipment that is purchased with the use of the grant.
- 2.16 Where the business is taking on a new premises with help from the fund, Businesses are asked to identify when they expect to start trading from the premises. The Council will follow up with businesses that experience delays with opening. Reclamation action may be taken where a business does not open in the premises that grant funding has been awarded for.

Application process

- 3.1 A printable Expression of Interest form will be made available on the Carlisle City Council's Website. Please ensure your form is returned answered fully with **all the relevant documents attached (Please see APPENDIX 1)**. Please return your application to regeneration@carlisle.gov.uk or by post to City Centre Business Growth Grant Team, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG.
- 3.2 Following submission of a complete Application form, with **all the relevant documents attached**, we will get in contact with eligible businesses with a full application form to complete. We aim to review and process, with the aim to notify you of a decision within 7 working days of submission of the full application. For more complicated applications this may take longer, and we may require further information in order to award a grant with confidence. In such circumstances prompt and fully co-operative responses from applicants will help the process move as quickly as possible.
- 3.3 This is a limited fund allocated on a first come first served basis. Once the allocated budget has been committed, no further grants will be awarded. There may be some circumstances where applicants have a strong project, with clear tangible benefits for the district that the Council wishes to support but may not be able to commit to at the first instance. For example, the project requiring funding may be at too early stage for us to confidently support. In such circumstances the City Council may be able to reserve some funding aside for such an application, to award a grant at a later stage. This is by no means guaranteed and it remains the Council's discretion on how it awards the grants-guided in principle by awarding grants on a first come first served basis.
- 3.4 It will be important that you provide all the information accurately and truthfully and provide **all** the supporting documents that are requested. We will be unable to consider incomplete applications; this includes applications where the full supporting documents required are not submitted.
- 3.5 You must answer all of the questions honestly when completing your application, if the Council suspects any business is trying to fraudulently claim the grant, it will investigate accordingly.

Appeals Process

- 4.1 There is no right to appeal, and the decision of the Council is final, however the Council will work with businesses who believe the wrong decision has been made due to missing information.
- 4.2 The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy.

Monitoring and Evaluation

- 5.1 It is vitally important that we undertake monitoring and evaluation of this use of public funds the council will use the evaluation when determining whether to launch the fund in future years or consider alternative/revised interventions.
- 5.2 By making an application, organisations consent to take part in an evaluation process. This will include at least one follow-up with the businesses which received a grant under this fund, to verify how the fund was used and the benefits that the fund helped the business realise.
- 5.3 Businesses will be asked to identify outputs and outcomes of their projects when submitting an application, these will be monitored through the evaluation process, to identify how outputs have been achieved, particularly in relation to UK Shared Prosperity Fund Interventions and Outputs/comes.

Definitions

- 6.1 SME/Microbusiness- a business with less than 250 employees, and a turnover of less than £50 million.

Tax

- 7.1 Grant income received by a business is taxable therefore funding paid under the High Street Business Grants Fund will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax.

Subsidy control

- 8.1 The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020. This does not impact the limited circumstances in which State aid rules still apply under the Withdrawal Agreement, specifically Article 10 of the Northern Ireland Protocol.
- 8.2 The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU.
- 8.3 Grants may be paid in accordance with Article 3.2(4) of the TCA, which enables an applicant to receive up to a maximum level of subsidy without engaging Chapter 3 of the TCA. This allowance is £315,000.
- 8.4 By accepting the grant, organisations confirm that they are within subsidy allowance threshold for this Period, it is advised that organisations confirm in writing that they have not exceeded their threshold to enable the Council and organisation to record and demonstrate they are within the minimal financial exemption.

- 8.6 The Council will require each business to confirm that by accepting the grant payment, the business confirms that they are eligible for the grant scheme, including that any payments accepted will be in compliance with subsidy control requirements.
- 8.7 If the grant exceeds the threshold or the organisation has received subsidies in excess of the threshold over a three year period then the Council will need to undertake a Subsidy Control assessment and the organisation may need to provide information to the Council in order to assist the Council with that assessment before any grant can be awarded.

Data protection

- 9.1 We will use your information to assess your application for financial support. We will confirm information about you and your account from credit referencing agencies to confirm account validity and your identity. If you provide false or inaccurate information, we will record this. All personal information will be processed in accordance with the terms of the General Data Protection Regulation. For full information on how any personal information we gather will be processed, please visit our privacy statement at <https://www.carlisle.gov.uk/Privacy-Statement/regeneration-services-privacy-statement>

Right to update our policy

- 10.1 The council reserves the right to update or change this policy without notification or prior warning in the event that the government updates or changes its guidance to us or in the event of an error or omission.

Appendix 1- evidence needed to support an application

Information	Evidence Required	Comment
Payment details	Copy of bank statement clearly showing name, address, sort code and account number	This must match the name of the business or individual listed on the business rates bill or lease/mortgage agreement
Evidence of your right to occupy the premises you are applying from	You will need to provide a copy of your current lease agreement or title deeds / mortgage statement if you own the property / land	This must be dated and signed by both landlord and lessee.
Evidence you are an SME or micro business	This will be done on self-declaration	
Evidence that your business/project is viable	Please submit a 12 month cashflow forecast and business plan, if available.	<p>We recognise that businesses may not have all the required information, however we do require some evidence that shows your business/project is viable before we can release public funds.</p> <p>If you do not have the relevant documents, please return a similar document that is relevant.</p>
Evidence of how you will use the money	<p>Please submit quotes of works from a professional company at a minimum for work that will be undertaken with support from the grant fund.</p> <p>We normally require a minimum of 3 quotes per project [exceptions can be applied depending on the nature of the project / proposal]</p>	We need clear evidence that the fund will be used properly and in line with the guidance provided above. If there is any doubt around how the fund will be used, a grant will not be awarded.
Evidence of eligibility under	This will be done by way of self-declaration on the application form	If you are unsure whether subsidy control rules apply to

subsidy control rules		your business, you need to seek independent legal advice
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Enterprise Fund

Application Form

This form is used to assess whether businesses are eligible for the Enterprise Fund. Please check the eligibility criteria before applying. We aim to make decisions as promptly as possible, however this is dependent on all the necessary information is submitted. Please take time to ensure the form is filled in correctly, in full, with all additional requested documents attached. Once complete, please return in full to regeneration@carlisle.gov.uk.

For information on how we will process any personal information you provide to us, please visit our privacy statement at <https://www.carlisle.gov.uk/Privacy-Statement/Economic-Development-Functions-Privacy-Statement>

Contact Name	
Contact Number	
Contact Email Address	
Business Name	
Business Address	

Grant details

Please explain the purpose of the grant application

Grant details

Please explain how the grant will support UKSPF objectives

Project Costs

Please indicate the total project cost	£
Please indicate the amount of grant being applied for	£

Please indicate how many jobs to create / safeguard jobs within your business, from the project and the investment:

Full time:	
Part time:	

Please detail your business projected turnover and net profit for the next 2 financial years of trading. If you are an existing business, please include current turnover as well.

2023-2024	
<i>Projected expenditure</i>	<i>Projected income</i>
2024-2025	
<i>Projected expenditure</i>	<i>Projected income</i>

IMPORTANT: Evidence required for a complete application

In order to fully assess your application, we need the following supporting documents. Please submit these with your completed application form.

Information	Evidence Required	Comment
Payment details	Copy of bank statement clearly showing name, address, sort code and account number	This must match the name of the business or individual listed on the business rates bill or lease/mortgage agreement
Evidence of your right to occupy the premise you are applying from	You will need to provide a copy of your current lease agreement or title deeds/mortgage statement if you own the property.	
Evidence that your business/project is viable	Please submit a 12-month cashflow forecast and business plan, if available.	We recognise that businesses may not have all the required information, however we do require some evidence that shows your business/project is viable before we can realise public funds. If you do not have the relevant documents, please return a similar document that is relevant.
Evidence of how you will use the money	Please submit quotes of works from a professional company at a minimum for work that will be undertaken with support from the grant fund. We normally require a minimum of 3 quotes, although exceptions can be made in certain circumstances.	We need clear evidence that the fund will be used properly and in line with the guidance provided above. If there is any doubt around how the fund will be used, a grant will not be awarded.

Name of project:	Carlisle Enterprise Fund
Project objectives: (describe the project's aim as it relates to protected characteristics)	N/A - no protected characteristics are directly targeted by this project

Consideration	Protected Characteristics (Part 1)				
	Age	Disability	Gender reassignment	Marriage and civil partnerships	Pregnancy and maternity
Baseline situation <i>(describe only where different to the national average, or where otherwise relevant)</i>					
Assessment text <i>(summary of how the proposed project affects the protected characteristic)</i>	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected
Is the effect positive/negative/mixed? <i>(add an explanation)</i>	+VE / M / -VE N/A	+VE / M / -VE N/A	+VE / M / -VE N/A	+VE / M / -VE N/A	+VE / M / -VE N/A
If the effect is negative or mixed:					
Is the effect significant? <i>(add an explanation)</i>	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
What embedded mitigation does the project contain?	N/A	N/A	N/A	N/A	N/A
What residual significant effects remain?	N/A	N/A	N/A	N/A	N/A
Is there an in-combination effect across multiple protected characteristics (across both Part 1 and Part 2 of the assessment table)? <i>(e.g. the proposed project has minor effects across several protected characteristics which, when considered together, have a more significant impact)</i>	There are no clear combination effects				
What action is required? Who will be accountable for it? <i>(this could include further mitigation measures or re-prioritisation of projects)</i>	N/A	N/A	N/A	N/A	N/A

Consideration	Protected Characteristics (Part 2)				
	Race	Religion or belief	Sex	Sexual orientation	'Family Test' (if used)
Baseline situation <i>(describe only where different to the national average, or where otherwise relevant)</i>					

Consideration	Protected Characteristics (Part 2)				
	Race	Religion or belief	Sex	Sexual orientation	'Family Test' (if used)
Assessment text <i>(summary of how the proposed project affects the protected characteristic)</i>	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected	There is no clear evidence that this protected characteristic group could be disproportionately affected	
Is the effect positive/negative/mixed? <i>(add an explanation)</i>	+VE / M / -VE N/A	+VE / M / -VE N/A	+VE / M / -VE N/A	+VE / M / -VE N/A	+VE / M / -VE
If the effect is negative or mixed:					
Is the effect significant? <i>(add an explanation)</i>	N/A N/A	N/A N/A	N/A N/A	N/A N/A	Y / N
What embedded mitigation does the project contain?	N/A	N/A	N/A	N/A	
What residual significant effects remain?	N/A	N/A	N/A	N/A	
Is there an in-combination effect across multiple protected characteristics (across both Part 1 and Part 2 of the assessment table)? <i>(e.g. the proposed project has minor effects across several protected characteristics which, when considered together, have a more significant impact)</i>	There are no clear combination effects				
What action is required? Who will be accountable for it? <i>(this could include further mitigation measures or re-prioritisation of projects)</i>	N/A	N/A	N/A	N/A	