

Report to Executive

Agenda
Item:

A.6

Meeting Date: 12 October 2020
Portfolio: Economy, Enterprise and Housing
Key Decision: No
Policy and Budget Framework: No
Public / Private: Public

Title: City Centre Business Growth Grants
Report of: The Corporate Director of Economic Development
Report Number: ED.37/20

Purpose / Summary:

This purpose of this report is to provide members with an overview of the proposed business grants scheme, which forms part of the Centre Business Support Fund that was reported to and agreed by the Executive (ED05/20) in January 2020.

The objective of the Fund is to provide support to businesses in the city centre to help with the response to the Covid-19 pandemic and maintain the vitality and viability of the City Centre.

The report seeks approval for the release of the agreed allocation of £25,000 the business grant scheme and requests that the previously agreed allocation of £10,000 for business rate relief be reallocated to the small business grant scheme to increase the total budget to £35,000.

Recommendations:

That Members of the Executive:

1. Approve the establishment of the scheme and allocation of £25,000 from the City Centre Business Support Fund for small business grants, as set out in the report to Executive (ED05/20).

2. Approve the application and eligibility criteria for the City Centre Business Growth Grants (Appendix A and B).
3. Approve the reallocation of the £10,000 from the business rates Retail Discount top-up scheme (approval by the Executive in the report CE02/20 of March 2020) to the city centre business grants scheme. This would bring the total budget available for business grants to £35,000.
4. Delegate the authorisation of payment of the grants to the Corporate Director of Economic Development and Corporate Director of Finance and Resources, in consultation with the Portfolio Holder of Economy, Enterprise and Housing.

Tracking

Executive:	12 October 2020
Scrutiny:	
Council:	

1. BACKGROUND

- 1.1** In order to support businesses through the disruption from COVID-19, Carlisle City Council has administered three government grant schemes: the Retail, Hospitality and Leisure Grant, Small Business Grant and Local Authority Discretionary Grant Schemes, delivering approximately £28 million worth of grant funding to local businesses, during an unprecedented period, when many were unable to trade. Most businesses have now restarted trading, however, in order to support Carlisle and its city centre through the recovery phase, businesses and organisations need the confidence to invest in the city centre again. This small business grants programme for new and growing city centre businesses will encourage businesses to invest in our city centre, while helping to reduce vacancy rates and maintain the vitality and viability of the high street.
- 1.2** Carlisle City Council's 2020/2021 budget allocates £40,000 for City Centre Business Support, to be used to support SME businesses operating in and looking to start up in Carlisle city centre and encourage vitality and viability in Carlisle city centre. In the 'City Centre Business Support' report ED05/20 to Executive of 15 January 2020, it was proposed that £25,000 would be used for business grants for SME businesses looking to start up or expand in Carlisle city centre. This was proposed alongside £10,000 for a retail discount top up (business rate relief) scheme, and £5,000 to support businesses in the development of a BID for the city centre from the City Centre Business Support Fund.
- 1.3** In the Budget on 11 March 2020, the UK government announced that it would extend the retail business rate discount available on premises with a rateable value of under £51,000 from one third to 100%, extending that discount to cinemas and music venues, extending the duration of the local newspapers discount and introducing an additional discount for pubs. This goes beyond the original government proposals to increase the discount to 50%. This supersedes the local retail discount top-up scheme proposed as part of the City Centre Business Support package and taken for approval by the Executive in the report CE02/20 of March 2020.

2. PROPOSALS

- 2.1** The proposal is to allocate £25,000 from the City Centre Business Support Fund to enable the Council to fund a small grant scheme for businesses in the city centre. The purpose of this fund would be to encourage new starter / growing SME local

businesses to occupy vacant units. The grant would be used is to support capital works, such as shop frontage improvements, signage and equipment necessary for the business to operate. The maximum grant per business would be £5,000, with an anticipated average grant of £2,000.

- 2.2 Given that the proposed retail discount top-up scheme has now been superseded by changes to the government's national business rates policy, it is now proposed that the £10,000 allocated for the retail discount top up scheme is re-allocated to the business grants element the City Centre Business Support Fund. This would take the total of the fund used for business grants to £35,000.
- 2.3 Detailed criteria for the scheme is set out in **appendix A**. However broadly, the Grant would be open to SME/Microbusinesses (i.e. those that have less than 250 employees and a turnover of less than £25 million) occupying a vacant unit in Carlisle city centre. Consideration will also be given to applicant businesses who are currently operating in the city centre but looking to expand into vacant ground floor space of a premise in the city centre- i.e. a business currently occupying a premise, looking to expand into vacant ground floor space of the same building, or into a larger vacant premise.
- 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.
- 2.5 This is a pilot scheme, which will run until the financial year 2020/2021. Towards the end of this period the scheme will be reviewed internally, and a decision to continue, amend or discontinue the scheme will be taken to the Executive

3. RISKS

- 3.1 The following risks of the scheme have been identified (in bold), with the action proposed to mitigate the risk also outlined:
 - **Low take up/lack of take up of the business grants-** This risk will be mitigated by putting in place a communications plan for the fund- to ensure that the opportunity is well promoted and encourage businesses to take advantage of the grants.

- **Use of grant not in accordance with the terms and conditions established-** The regeneration team will undertake monitoring and evaluation of the grants, including monitoring the use of grants, to ensure that funds are used correctly and in line with the proposals outlined in the applicants' completed application forms. The Council will reserve the right to recall any funds used incorrectly.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 It is recommended that the Executive:

1. Approve the establishment of the scheme and allocation of £25,000 from the City Centre Business Support Fund for small business grants, as set out in the report to Executive (ED05/20).
2. Approve the application and eligibility criteria for the City Centre Business Growth Grants (Appendix A and B).
3. Approve the reallocation of the £10,000 from the business rates Retail Discount top-up scheme (approval by the Executive in the report CE02/20 of March 2020) to the city centre business grants scheme. This would bring the total budget available for business grants to £35,000.
4. Delegate the authorisation of payment of the grants to the Corporate Director of Economic Development and Corporate Director of Finance and Resources, in consultation with the Portfolio Holder of Economy, Enterprise and Housing.

This is to support small businesses and the start-up of new businesses in Carlisle and the creation of new jobs in the district. The scheme also encourages businesses to operate in the city centre, thereby encouraging greater vitality and viability and the reduction of vacant commercial units in the city centre.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 The proposals above for city centre business grants contribute to the following Carlisle Plan priorities:

'Support business growth and skills development to improve the economic prospects for the people of Carlisle' – By supporting businesses to start and up grow in the city centre through the provision of financial aid

Carlisle City Council

City Centre Business Growth Grant- Policy

Introduction

- 1.1 Carlisle's city centre is a crucial service centre for the Borderlands era, with a retail catchment of over 500,000. In light of the Coronavirus pandemic, and the restrictions placed by government to protect our health and key services, the severe impact to the global economy is widely recognised. High Streets have clearly been affected by this across the country, and businesses and retail centre managers have to adapt to unprecedented changes to retail.
- 1.2 In order to support businesses, Carlisle City Council has allocated grants to existing businesses under the government's Small Business Grant, Retail, Hospitality and Leisure Grant and Local Authority Discretionary Grant schemes. around £28 million has been awarded to businesses across Carlisle, and these grants have been vitally important in keeping businesses afloat during unprecedented times.
- 1.3 However we recognise that in order to support Carlisle and its city centre through the recovery phase, businesses and organisations need the confidence to invest in the city centre again. In order to support investment, Carlisle City Council is offering small City Centre Business Growth Grants to businesses looking to occupy vacant space in the city centre. This fund will support our city centre through these challenging times; reducing vacancy rates and encouraging investment and growth.
- 1.4 This is a pilot scheme for the year 2020/2021 There is a fixed budget of £25,000 for this fund for the financial year 2020/2021, once this money 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 City Centre Business Support Grant is a grant of up to £2,500 (£5,000 for particularly strong cases) for businesses occupying vacant space in Carlisle City Centre (shown in attached map). 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.
- 2.2 Businesses must demonstrate the business is viable and contributes to the vitality of the high street.

- 2.3 This grant is available to tenants looking to occupy space, not for landlords looking to redevelop space they own to lease. If the property owner is looking to redevelop space that they own to trade themselves, then they would be eligible.
- 2.4 Any financial arrears to Carlisle City Council will be taken into account, as will as 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 beginning trading in Carlisle City Centre
 - An SME/microbusiness re-locating to Carlisle city centre from outside the district or opening a new branch in Carlisle.
 - Existing SME/Microbusiness currently trading in Carlisle City Centre, demonstrating growth, expanding to a larger premise or significantly diversifying their business model to run more sustainably.
- 2.6 **Criteria for the premise-** 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 vacant or have vacant ground floor space in it which the applicant business will occupy. This includes businesses who have begun renovating a vacant space but have not started trading.
 - Must be held by the applicant by a minimum of a 2-year lease.
 - Must be brought into use by the applicant business.
 - Must be in the area of Carlisle City Centre.
- 2.7 The grant may be used for:
- Physical improvements to the premise, including improvements to the frontage of the building and signage- subject to the relevant planning permission being secured.
 - To provide equipment essential for the operation of the business.
 - To support marketing and advertising for the business.
- 2.8 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 evidence the use of the fund.
- 2.9 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.

- 2.10 A premium will be placed on the more central locations in the city centre.
- 2.11 The type of business, and how this will contribute to diversifying the mix of businesses in the city centre will be considered when making our assessments.
- 2.12 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.
- 2.13 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. A percentage of financial contribution the applicant will make to the overall cost of moving into the property will be assessed. 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

Application process

- 3.1 A printable application form will be made available on the Carlisle City Council's Website. Please ensure your application 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 Once returned we will aim to review and process your application within **one month**. 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 We anticipate there may be some circumstances where applicants have a strong project, with clear tangible benefits for the city centre 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.
- 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. Where evidence of fraud is present, we will prosecute the offending business.

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. Moreover, as this is a pilot scheme, the council will use the evaluation when determining whether to launch the fund in future years or consider alternative/revised interventions.
- 5.2 Upon making an application, organisations agree 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 Alongside this, the Council undertakes a yearly city centre health check, as part of the health check for the year 2021, the impact of the grant fund will be monitored. As part of this, the Council will consider how many vacant premises have been occupied with help from this fund.

Definitions

- 6.1 SME/Microbusiness- a business with less than 250 employees, and a turnover of less than £50 million.
- 6.2 City Centre- Please see **APPENDIX 2** for the boundary for the area of the Carlisle City Centre Business Growth Grants.

Tax

- 7.1 Grant income received by a business is taxable therefore funding paid under the City Centre 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.

State Aid

- 8.1 The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The local authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.
- 8.2 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 State aid requirements.

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>.

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 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 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.	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 need clear evidence that the fund will be used properly and inline 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 state aid rules	This will be done by way of self-declaration on	If you are unsure whether state aid applies to your

	the online application form	business you need to seek independent legal advice
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Appendix 2- city centre boundary





Carlisle City Centre Business Growth Grant

Application Form

This application form is used to assess whether businesses are eligible for the Carlisle City Centre Business Support Grant. 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 your application 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>

Personal Details

Contact Name	
Preferred contact postal address	
Email Address	
Position	
Contact Telephone Number	

Business details

Business Name	
Business Address (if different from above)	
Company Number (if applicable)	
VAT Reg Number (if applicable)	
HMRC number (if applicable)	

Is your business (please select ONE of the following options):

A New Start up

An SME/Microbusiness Relocating to Carlisle City Centre from outside the district or opening a new branch in Carlisle

An existing SME/Microbusiness in Carlisle City Centre that is expanding

What is your company's legal status, for example ltd. By guarantee, charity, self-employed?

How many people does your business employ?

Full time:

Part time:

If you are planning to create new jobs within your business, please forecast these:

	2021	2022
Full time:		
Part time:		

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

Please provide brief details of how your business venture will be funded.

Property details

Address of property in Carlisle City Centre that support is being applied for (please evidence of your right to occupy this property attached to this application form)	
Rateable value	
How long has the property been vacant?	
When do you intend to start trading from the property?	
If you are an existing business, are you moving into bigger premises?	
What is the total floor space you will be occupying in the property?	
Which use class will your business primarily carry out? (circle)	A1- Retail Shop A2- Financial and Professional Services A3- Restaurants and Cafes A4- Drinking Establishments B1- Business Offices D2- Leisure Other (please specify):
Do you require planning permission of any kind, including for Change of Use or alterations to this property? If so, has an application been submitted?	

Grant details

Please explain the purpose of the grant application- outlining what you require the grant for, why you need the grant, the background in setting up the business and the impact that the grant will have.

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Please indicate the total project cost and how much grant is required for this (please note, we expect this project to be partly funded by the applicant).

Total Project cost:	£
Grant amount requested:	£

Please provide a breakdown of costs related to the project that the grant will fund.

Items/services to be purchased	Quoted costs	Supplier name

Please provide details of any other grant(s) or loan(s) received that you have applied for in the last 12 months, and whether this has/they have been approved:

Bank Account Details

Sort Code	<input type="text"/>
Account Number	<input type="text"/>
Account Name	<input type="text"/>
Bank Name	<input type="text"/>

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 need clear evidence that the fund will be used properly and inline with the guidance provided above. If there is any doubt around how the fund will be used, a grant will not be awarded.

State Aid Rules

Awards such as Discretionary Relief are required to comply with the European Union State Aid De Minimis rules.

State Aid refers to forms of assistance from a public body, or publicly funded body, given to selected business undertakings (any business or other body that puts goods or services on the given market) that have the potential to distort competition and affect trade between member states of the European Union. Details available at: www.gov.uk/state-aid.

European Union state aid rules generally don't allow government subsidies to businesses. Relief from taxes, including business rates, can in some cases constitute state aid. However, there is a general exception from the state aid rules, where the aid is below a 'de minimis' level. The de minimis level is usually €200,000 to any one business over any three-year period but for the purposes of this grant, the limit has been increased to €800,000.

You must tell us if you will exceed this limit.

Please read carefully and confirm the following:

I declare that the information on this form is correct to the best of my knowledge and belief.

I declare.

I also understand that it is a criminal offence to make a statement or representation that I know to be false

I confirm.

I understand that recovery action may be taken, if the recipient of a grant is subsequently found not to be eligible

I confirm.

I understand that Carlisle City Council is under a duty to protect the public funds it administers and may verify the information provided on this form with other departments, government agencies and other local authorities for the purposes of billing, collection and recovery of business rates and for the prevention of and detection of fraud

I confirm.

Signed by: _____ **(Print Name)**

Signature: _____