

Crowdfund Portsmouth

Small Business Fund Guidance

July 2023



Contents

1. Fund Overview	3
2. Eligibility Criteria	4
3. Application, Decision and Funding Process	5
4. Subsidy Control and Fraud.....	8
5. Terms and Conditions	11

1. Fund Overview

Crowdfund Portsmouth is an innovative partnership between Shaping Portsmouth, Crowdfunder, the UK's largest crowdfunding website, and Portsmouth City Council.

The scheme aims to help existing SMEs looking to grow and diversify their business to meet new challenges or to help new business start-ups to implement projects with the support of the people of Portsmouth backing the business development idea.

Grant support available is up to 50% of the total project cost, up to a maximum of £5,000 (whichever is the lesser) per business.

If you have an idea that you would like to develop or discuss with us before launching your crowdfunding project or applying for match-funding or if you would like to discuss any element of this fund beforehand then please get in touch at business@portsmouthcc.gov.uk and we can give support and advice. Additional coaching and support is also available directly from Crowdfunder to help you crowdfund successfully.

[Crowdfunder UK - Where Ideas Happen | Crowdfunder UK](#)

The Fund is limited but open until further notice. To apply please follow the guidelines in section 3 of this document. You will need to set up a Crowdfund page for your business or project, apply for the Portsmouth City Council match-funding, and achieve at least 25% of your target from a minimum of 10 unique backers to be considered to receive the Portsmouth City Council match-funding pledge.

Who can access this fund?

- Existing small businesses operating in Portsmouth City Postcodes PO1 to PO6
- Start-up businesses that can provide a full business plan

All applicants will be required to supply suitable evidence demonstrating the business finances to show the solvency of the business and for new Start-ups, a full business plan and projections will need to be provided. Applicants will also need to provide a detailed cost breakdown for the project.

2. Eligibility Criteria

2.1 Eligibility Criteria

In order to apply and receive match-funding from Crowdfund Portsmouth, every applicant must:

- Qualify as a micro or small business
- Be located in Portsmouth within post code areas PO1 to PO6
- Not be in administration, be insolvent or where a striking-off notice has been made.
- Have a UK bank account
- must be able to provide a sound business plan
- Clearly explain how, with the help of the Crowdfunding, their business will deliver direct economic benefit within Portsmouth
- Achieve 25% of crowdfund target, from at least 10 unique backers, before a application is considered for a match funding pledge. (100% of the original target will need to be reached before match funding is paid)
- Identify clearly the costs the funding will be used to support from the following areas:
 - costs that are incurred in enabling the business to pivot to new delivery models or
 - routes to new markets, such as taking the business online; or
 - the introduction of a new product/service for your business. or
 - If starting up; the installation or equipment and items to set your business ready for delivery.

2.2 Exclusions

Businesses will not be eligible to apply for support from this fund for projects if:

- a) The business has already received crowdfunding support from another local authority or has an existing project with crowdfund support from Crowdfund Portsmouth.
- b) The business has already received Portsmouth City Council funding for a project which is still live (i.e. has funds yet to be drawn down, or contracted outputs yet to be delivered or have yet to complete and submit a satisfactory evaluation form)
- c) The spending has already taken place
- d) The project is from an individual.

Match-funding cannot be used to fund:

- a) More than 10% of the capital costs of the total value of the project for the purchase of land, building/refurbishment or building projects
- b) Existing operational costs of the business
- c) Projects which are purely research
- d) Costs for ongoing staff - including salaries of permanent or fixed term staff
- e) Costs incurred in putting the application together
- f) Political or religious activities
- g) Repairs and maintenance to buildings or equipment
- h) VAT that can be recovered by business
- i) Loans or interest payments
- j) Purchase of alcohol or illegal substances

2.3 Timeframe for Delivery

Businesses applying for Crowdfund Portsmouth must deliver the project and spend any match funding received within one year of the grant payment being issued.

Applicants must demonstrate through their application and supporting information that they have the resources, expertise and ability to carry out the project within this timescale.

3 Application, Decision and Funding Process

3.1 Fund Application

In order to apply, please upload details of your project to the Crowdfunder website below;

[Crowdfund for your business | Crowdfunder.co.uk | Crowdfunder UK](#)

Once your project is identified as being within Portsmouth, you will have the opportunity to make an application online through Crowdfunder's website.

There will be various questions in the application form including:

- The aims and objectives for the project
- The outcomes to be achieved
- How the impact will be achieved and measured

As part of the application the business will need to be provide supporting information including.

- Latest submitted financial statements showing entries for the business
- Up to date management accounts / summary of income and expenditure for the business
- Detailed cost breakdown of project costs
- Business plan and future forecast income and expenditure

Please have this information ready when applying for the match funding. This will help the speed of the application process.

The Portsmouth match-funding can only be applied for against the original target. If the business adds a stretch target, the match-funding amount will not change as a result.

Businesses will be required to accept the fund terms and conditions (set out at the end of this technical guidance document) as part of the application for Portsmouth City Council match-funding

3.2 Application Assessment

The campaign must achieve a minimum of 25% of the funding target, from at least 10 different unique and independent backers, to trigger the Portsmouth funding assessment.

We have established a match-funding panel to ensure fair decision-making and assessment of our eligibility criteria. If at any point during planning or delivery, there is a major change in your project plan or change to delivery milestones please notify us.

We may follow up your application with additional questions or queries in advance of making a decision. If you are required to provide additional information then we will request this by email using the information provided in your application and require a response within 3 working days in order for your application to be assessed. Please ensure you regularly check your emails including items that may have been sent to your spam / junk inbox.

As the Portsmouth Match-funding is public funding there is a requirement for proper and proportionate due diligence.

3.3 Application Decision

If there are more applications which meet the eligibility criteria than funds available, then the Portsmouth Match-funding panel will decide which of the businesses should be awarded a pledge of Portsmouth City Council Funds.

If the business' application meets the criteria and is awarded match-funding, then the

applying business will be contacted to confirm the amount and the business' Crowdfunder page will be updated to include the match funding pledge. The business must continue to crowdfund to 100% of the original target is reached. If the target is not reached, the business will not be able to receive the match funding.

If the match-funding application is unsuccessful, then the applying business will be contacted and the project will need to be fully-funded by pledges/donations from supporters.

The decision of the assessors is final. There is no provision to appeal.

3.4 Project Delivery

The businesses can begin to deliver the goals identified in the application at their own financial risk as soon as the application for the Portsmouth Crowdfund match-funds has been submitted. Pledges from the crowd will be held in an escrow account. Where Portsmouth City Council has made a pledge, match-funds will be released to the business by Crowdfunder once their campaign has closed and they have raised 100% of the target.

3.5 Release of funds

The release of match-funds is subject to the crowd-funding target being reached.

Funds will be released in two parts:

- Monies raised from the crowd will be transferred to your nominated account shortly after you hit your funding target.
- Match-funding will be paid upon completion of your successful crowdfund and once all due diligence checks are complete.

All monies are transferred using MangoPay. MangoPay has the highest levels of payment security and is compliant with anti-money laundering and anti-terrorism law. Anyone that uses MangoPay is required to prove their identity and legal status before any funds can be transferred

3.6 Project Evaluation

Once any match-funded project has been delivered we will require the applicant to provide an update on progress and to complete an end of project report to confirm how the funds were spent and what the project achieved. This is to highlight the benefits the scheme has delivered and to assure Portsmouth City Council that match-funding was used to achieve the objectives outlined in the application.

We reserve the right to request invoices or receipts to evidence that match-funding has been spent for the purposes intended. For the same reason, we reserve the right to audit project delivery.

This will be sent to the applicant at around three months, or at their request if they would prefer to receive it sooner. If the evaluation is not submitted in a timely manner as requested by PCC, we will consider how best to address the situation including the provision to reclaim the funds paid out.

All beneficiaries are asked to retain expenditure evidence and project documentation for a minimum of two years from the point of the evaluation report submission and agreement by Portsmouth City Council.

3.7 Publicity

All businesses supported through Crowdfund Portsmouth are obliged to work with Portsmouth City Council on all appropriate publicity.

If you want to acknowledge any funding in a press release or any other type of media coverage, you will need our agreement first.

You agree that Portsmouth City Council, Shaping Portsmouth and Crowdfunder may publicise the grant and use any of our own material in doing so. This may also include your agreement to allow us to produce a case study.

4 Subsidy Control and Fraud

The subsidy control rules apply to awards of financial assistance made by public authorities to businesses and any other organisations engaged in economic activity. Any subsidy given in the UK is now subject to the provisions of the Subsidy Control Act 2022 as well as the subsidy control rules under the UK-EU trade and co-operation agreement (TCA), UK free trade agreements (FTAs) and the World Trade Organisation (WTO). However, the Subsidy Control Act 2022 introduces a new subsidy control regime in the UK that also meets the UK's detailed commitments under the TCA, FTAs and the WTO.

4.1 What is a Subsidy?

A subsidy as defined under section 2(1) of the Subsidy Control Act 2022 means financial assistance which:

- (a) is given, directly or indirectly, from public resources by a public authority,
- (b) confers an economic advantage on one or more enterprises,
- (c) is specific, that is, is such that it benefits one or more enterprises over one or more other enterprises with respect to the production of goods or the provision of services, and
- (d) has, or is capable of having, an effect on:
 - (i) competition or investment within the United Kingdom,

- (ii) trade between the United Kingdom and a country or territory outside the United Kingdom, or
- (iii) investment as between the United Kingdom and a country or territory outside the United Kingdom.

The term 'financial assistance' includes direct transfer of funds such as a grant.

Where a financial assistance constitutes a subsidy, it must be granted in accordance with the subsidy control regime under the Subsidy Control Act 2022. Therefore, the grants awarded by Crowdfund Portsmouth would need to be considered against the UK subsidy control regime under the Subsidy Control Act 2022.

4.2 Exemptions to the Subsidy Control Rules

Under section 36(1) of the Subsidy Control Act 2022, the subsidy control regime requirements will not apply to what would be considered a 'minimal financial assistance'.

A 'minimal financial assistance' is where a financial assistance is given to an enterprise and the total amount within the applicable period must not exceed £315,000. The 'applicable period' is the period comprising (a) the elapsed part of the current financial year, and (b) the two financial years immediately preceding the current financial year.

There are procedural requirements under section 37 of the Subsidy Control Act 2022 that would need to be followed if you are to rely on the exemption of minimal financial assistance.

4.3 Procedural Requirements

Before awarding match-funding from Crowdfund Portsmouth which falls within "minimal financial assistance" exemption, Portsmouth City Council will give to the applicant a minimal financial assistance notification. A "minimal financial assistance notification" means a written statement:

- (a) explaining that Portsmouth City Council is proposing to give to the applicant a subsidy by way of minimal financial assistance,
- (b) specifying the gross value amount of the assistance, and
- (c) requesting written confirmation from the applicant that the total amount specified in section 36(1) will not be exceeded by the applicant receiving the proposed assistance.

Portsmouth City Council may proceed to give the match-funding only after it has received a written confirmation as explained above.

On giving the match-funding, Portsmouth City Council will provide to the applicant a minimal financial assistance confirmation. A "minimal financial assistance confirmation" means a written statement confirming:

- (a) that the subsidy is given as minimal financial assistance,
- (b) the date on which it is given, and
- (c) the gross value amount of the assistance.

The applicant must keep a written record detailing:

- (a) that it has received a subsidy by way of minimal financial assistance,
- (b) the date on which it was given, and
- (c) the gross value amount of the assistance.

This record required must be kept for at least three years from the date on which the financial assistance was given.

4.4 Awarding Grants

Due to the value of the grants being awarded by Crowdfund Portsmouth sitting below the threshold stated above, these grants will only be awarded where it satisfies the minimal financial assistance exemption. Crowdfund Portsmouth would not be considering subsidies where minimal financial assistance does not apply.

4.5 Fraud

The council will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional grant money will face prosecution. Any funding issued will be subject to claw back, as will any grants paid in error.

All applicants' information will be shared with the government grants management team to enable any fraud to be identified. All businesses will be required to confirm acceptance of this

5 Terms and Conditions

If you are approved for, and subsequently receive, a grant from Portsmouth City Council, it will be on the basis that you have agreed to the following terms and conditions.

1. You confirm the money will be spent on the project approved by Portsmouth City Council and set out in your Small Business Fund application and crowdfunding page.
2. No changes to the project will be made without our agreement. You must also inform us immediately at business@portsmouthcc.gov.uk of any proposed change relating to grant expenditure or the organisation.
3. You will return an impact report using the form provided; this will usually be requested three months after your crowdfunding project closed successfully.
4. Shaping Portsmouth, Crowdfunder or Portsmouth City Council representatives may wish to visit to see the work funded by the grant and we hope you will support this.
5. Crowdfund Portsmouth reserves the right to withhold a grant or require repayment if it finds that any form of deliberately false or misleading information was provided to the Council or Crowdfunder.
6. The Council reserves the right to withhold a grant or require repayment if the applicant becomes insolvent or goes into administration, receivership or liquidation, and if the grant has not already been spent in its intended purpose
7. The Council reserves the right to not fund, or to withdraw funding during a campaign if it becomes apparent that any of the criteria are not being met.
8. The grant is subject to the Small Business Funding Terms and Conditions as well as the Crowdfunder terms and conditions

Crowdfund Portsmouth reserves the right to amend this information at any time