

Decision maker:	Cabinet member environment, economy and skills
Decision date:	Tuesday, 24 November 2020
Title of report:	Covid 19 Additional Restrictions Grant Scheme
Report by:	Head of Economic Development, Economy and Place

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 11 (Cases of Special Urgency) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

(All Wards);

Purpose

To seek approval to accept and spend the Additional Restrictions Grant (ARG) funding (£3,856,020) allocation from government, to support businesses affected by the second national Covid 19 lockdown period, and any future periods of restriction up to the end of March 2022.

This decision is specific to the Additional Restrictions Grant. The national guidance indicates that the council can use this funding for business support activities but it is expected to primarily take the form of discretionary grants to businesses to support them through period of trade restrictions due to Covid 19. The offer letter implies that this allocation is for the current national and any future national or local restrictions (the funding will not be refreshed) through to the end of March 2022.

Recommendation(s)

That:

- (a) **The cabinet member for Environment, Economy and Skills approves the expenditure (£3,856,020) of government funding provided for the Covid 19 Herefordshire Additional Restrictions Grant Fund.**
- (b) **The cabinet member for Environment, Economy and Skills approves the approach to delivering the Additional Restrictions Grant scheme.**
- (c) **To delegate to the Director for Economy and Place following consultation with the Cabinet Member for Environment, Economy and Skills and the Section 151 Officer the authority to vary the grant support for businesses in accordance with the national government guidance to be able to urgently respond to fast changing Covid 19 circumstances.**
- (d) **The Head of Economic Development and the Economic Development Manager be authorised to approve grant awards to businesses following satisfactory appraisal of the applications received (up to a value of £5,000 per business).**

Alternative options

1. Do nothing - to not accept the Additional Restrictions Grant funding. Herefordshire businesses have been severely affected by Covid 19 and the impacts of the related lockdown periods. If we don't accept the available funds, then local businesses would be unable to benefit from the national government support which may lead to business closures.
2. Open to wider business base – The government [guidance](#) states that Local Authorities can use their discretion to consider who should be eligible for the grant, and the level of available funding that could be provided. The proposed approach outlined in this decision paper is based on supporting only those businesses that have been instructed to close but don't have a rateable value (so will not receive support via an alternative route) or those that can demonstrate they have lost significant levels of trade due to the second lockdown. Proposed levels of grant are aligned to the Local Restrictions Support Grant Closed (LRS (Closed)). The approach to the ARG grant scheme as proposed will ensure consistency with the levels of grant awarded through the LRS (Closed), and are proportionate in considering the funds

provided are to cover both the current lockdown and any future period where restrictions may need to be introduced.

Key considerations

3. A second national lockdown was introduced by government on 5 November 2020, requiring a wide range of businesses to close until 2 December 2020 such as hospitality venues, non-essential retail, cultural/ event venues, hairdressers etc. In response, government have announced an economic support package that includes an extension to the Job Retention Scheme administered by HMRC and business grants to be administered by local authorities.
4. Funds are to be provided to local authorities, under two different schemes:
 - **Local Restrictions Support Grant (Closed) (LRSB (Closed))** – This is a grant scheme for rate paying businesses (including those that receive an exemption) that must close due to the restrictions. This is principally non-essential retail, hospitality and leisure businesses that must close. Although the restrictions allow many of these businesses to continue trading via takeaway, click and collect or delivery services the substantive element of their business has had to close. Local authorities will not have discretion with this scheme and must award grants to those businesses that have to close for the second lockdown period based upon their rateable value, as follows:
 - Rateable Value (RV) of £15k or under = £1,334
 - RV over £15k and below £51k = £2,000
 - RV of £51k or over = £3,000
 - **Additional Restrictions Grant (ARG)** – The council will receive a one-off lump sum payment of £3,856,020 which amounts to £20 per head of the population. The council can use this funding for business support activities but government guidance suggests that this will primarily take the form of discretionary grants to businesses. The offer letter indicates that this allocation is for the current national and any future (national or local) restrictions. The government guidance suggests that the funds be used to establish discretionary scheme that allow support to:
 - Businesses that while not legally forced to close, are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19. This could include, businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector.
 - Businesses that are outside the business rates system, which are effectively forced to close, for example market traders.
 - Larger local businesses which are important to the local economy, on top of the funding provided to those businesses via the LRSB (Closed) scheme, with due reference to State Aid.

Proposed Approach to the Additional Restrictions Grant (ARG)

5. Given the urgent need to support businesses affected by the new national restrictions, but which are not being supported under LRSB (Closed), it is recommended that the council develops an initial ARG scheme as quickly as possible. As such the following section outlines a proposed discretionary scheme to be introduced in November 2020 to support businesses through the current national lockdown and any further local restrictions that may then immediately follow.
6. In line with the government guidance it is proposed that the ARG scheme is targeted at;

- Small and micro businesses or charities required to close that do not have a business rates assessment
- Small or micro businesses or charities not required to close, but are severely affected by the restrictions (50% or more loss of demand (defined as takings or sales) during this period)
- Small and/or micro business that have been trading on 31 October 2020
- Small and/or micro business that employ someone for at least 15 hours per week (charities can include volunteer time) and this can include the business owner(s) or director(s).
- Those business operations that are based within Herefordshire, therefore a branch of a business would be eligible for funding but could only consider their operations and employment within Herefordshire.

7. Circumstances that are not eligible include (in line with national guidance):

- Businesses or charities that are eligible for or have received a Local Restrictions Support Grant (Closed)
- Businesses that are in administration, are insolvent, or where a striking-off notice has been made
- Those that have received more than 200,000 Euros of state aid in the last financial year and the two financial years preceding it
- Business or charities whose main activities (above 50 percent) are in fishery aquaculture, forestry, horticulture and primary production and processing of agricultural products
- Public or precept authorities, doctors or dentists surgeries or other similar health centres or premises, communication masts, quarries or other mineral extraction, schools, car parks or other parking spaces, renewable energy generation or other energy installations, premises in personal use, empty premises, premises in occupation by national chains or similar organisations and premises that the business of the applicant is not undertaken from

8. To ensure the ARG is consistent with the LRSG (Closed) awards, grants will be awarded to businesses up to the funds the levels as follows:

Small and micro businesses or charities that are closed or are severely affected (lost more than 50% of trade) but not ratepayers (therefore a different determinant to recognise size will be required):

- | | |
|--|--------|
| • 0-9 full time equivalent employees | £1,334 |
| • 10 to 20 more full time equivalent employees | £2,000 |
| • 20 or more full time equivalent employees | £3,000 |

Small and micro businesses or charities that are open (so not eligible for LRSG (closed) but been severely affected (lost more than 50% of trade) but are on the ratings list, will receive the following awards:

- | | |
|---|--------|
| • Rateable value £15k or under | £1,334 |
| • Rateable value over £15k and below £51k | £2,000 |
| • Rateable value of £51k or over | £3,000 |

9. In terms of the demand for the proposed scheme, during the three months that the council operated the previous Discretionary Grant Fund (DGF) to support those impacted by the first lockdown there were c500 grant awards made totalling £3.2m. Although the previous Discretionary Grant Scheme included support to businesses with a rateable value of over £51K which is now covered under the LRGS (Closed), and the proposed

level of grant funding is lower to reflect that the second lockdown period is initially for a 4 week period.

10. Therefore, it is anticipated the proposed ARG scheme will be affordable within the allocated budget. Should the council reach a stage where demand is higher than available budgets, the council reserves the right to proportionately reduce the level of grant paid to bring within budget.
11. The ARG will utilise the application and assessment process that has been tried and tested through the earlier Discretionary Grant Fund (DGF) scheme. Through the application appraisal process due diligence checks will also be put in place to check that the business is trading and the information and evidence supplied is correct to avoid fraud or reputational risks.
12. Given the rapidly changing nature of the Covid 19 pandemic, officers will continue to review the available support (for example in terms eligibility, targeting and levels of grant available) and the council may amend the scheme as required within the scope of the national guidance. The scope of the ARG national guidance would also allow the council to introduce further elements of support as required such as a targeted hardship support scheme for businesses threatened with closure.

Community impact

13. Covid 19 has had an unprecedented impact on the Herefordshire population and the local economy. In September 2020, the total number of claimants for out-of-work benefits was 5,000; a 137% increase since March 2020 compared to a 117% rise in England in the same period. A recent [report](#) by Grant Thornton for The County Councils Network identified Herefordshire as one of the counties estimated to have experienced a greater than average decline in Gross Value Added (GVA) and classified 55.59% of employment in the county as currently 'at risk' compared to 48.78% in England as a whole. In August 2020 24,800 Herefordshire residents were furloughed through the Job Retention Scheme.
14. The initial and now secondary closure of tourism, hospitality non-essential retail sectors has also had a disproportionate impact on the younger age workforce (nationally 26% of people below the aged between 16 and 24 work in these sectors compared 10% in other industries).
15. The ARG scheme will provide assistance to businesses who have been instructed to close but do not have a rateable value or who have lost a significant level of trade due to the second lockdown, securing employment in the county.

Environmental Impact

16. The ARG scheme will provide grant support to business either instructed to close or who have lost significant income due to the second national Covid 19 lockdown. The grants are to aid business viability in meeting on-going operational business costs during a period of zero or much reduced income. As such the grants will have limited direct benefit in terms of environmental impacts, such as carbon emissions reduction.
17. However, the implementation of the scheme will wherever possible seek to minimise any adverse environmental impact. For example the application form will be on-line,

assessments forms are electronic and grant payments made via Bankers Automated Clearing Scheme (BACS).

Equality duty

18. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to -
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
20. The ARG will be open to any eligible business as defined in the government guidance. Operating the scheme through an application window(s) will ensure all have an equal and fair chance to apply. The proposed appraisal process provides the basis for an open and transparent approach to consider applications, prioritising those for different levels of support based on their fixed property costs and levels of employment.

Resource implications

21. On 6 November 2020 the Department for Business, Energy and Industrial Strategy wrote to the council (annex A) to confirm an ARG award of £3,856,020 to be spent by the end of March 2022. The conditions of the grant are as follows;

The Council must:

- a. *Ensure recipients meet the criteria set out in the Additional Restrictions Grants: guidance for Local Authorities.*
- b. *Record and retain records of individual payments of Grant. This information should be stored in accordance with the data protection requirements and shared with Government upon request. You agree to comply with your obligations under applicable data protection legislation in respect of this information and to the extent that for the purposes of the Grant any personal data is shared each party accepts that they will each comply with their respective obligations in respect of the processing of such data.*
- c. *Provide timely monitoring information in line with the guidance provided by the Department.*
- d. *Provide summaries of any issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities.*
- e. *Allocate all monies by 31 March 2022.*

Revenue cost of project	2020/21	2021/22	Future Years	Total
ARG Grant Allocation from Government	£3,000,000	£856,020	£0	£3,856,020
TOTAL	£3,000,000	£856,020	£0	£3,856,020

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2020/21	2021/22	Future Years	Total
ARG Grant Allocation from Government	£3,000,000	£856,020	£0	£3,856,020
TOTAL	£3,000,000	£856,020	£0	£3,856,020

22. The grant scheme will be administered by Herefordshire Council officers.

Legal implications

23. The cost of the ARG scheme will met using a grant from the Department of Business Energy and Industrial Strategy under 31 of the Local Government Act 2003 the details of which are set out in a letter dated 6 November 2020.
24. The council has the power to deliver the ARG scheme under Section 1 of the Localism Act 2011.
25. The council is to use its discretion to ensure that grants provided to meet local circumstances. The council has decided that the maximum grant that it will award is £3,000 with grants of £2,00 and £1,334 also being available as this is judged to allow the council to maximise the ARG scheme allocation
26. In exercising their discretion the council is required to clearly set out the criteria that will be applied to grant applications. It is recommended that these are published on the council's website.
27. In assessing applications for grants under the ARG scheme the council will need to ensure that any information contained in the grant application form is correct, accurate

and that applicants meet the stated criteria. Copies of all grant applications and assessment of applications will be kept by the council for audit persons.

Risk management

28.

Risk / opportunity	Mitigation
More people apply for the grant scheme than available budget (£3.856m)	The council reserves the right to proportionately reduce the value of grant awarded to businesses to bring in line with the available budget. Based on the experience of the previous lockdown grant scheme, the initial support proposed above is considered to be appropriate.
There is a reputational risk to the council in defining which businesses are eligible to apply.	In the first instance the ARG scheme will be open to those small and micro businesses directly instructed to close during the second lockdown, and those that have lost significant trade. As such the scheme is open to those that have been impacted but are not eligible for the LRSG (closed).
There may be a very high volume of applications, which will have an impact on resourcing.	Communications regarding the scheme will make it clear who is eligible to apply. An initial eligibility check of applications will ensure only those that meet the scheme requirements progress to the appraisal stage. An assessment has been undertaken of the potential numbers of businesses in the county that may be eligible, which indicates circa 500 businesses may apply as per the earlier scheme.
The council may receive a high level of complaints from businesses excluded from being eligible or the basis of the calculation of their grant.	The scheme communications and guidance clearly explain the rationale for which sectors are eligible (in line with the government guidance) and how the calculation will be made in advance of launching the scheme. It is the responsibility of the applicant business to provide the evidence required to support their application.
The council may receive fraudulent applications	Each applicant is required to submit evidence to support their application (to prove they are a valid business, have lost trade and meet the eligibility requirements). Each application and the evidence is individually assessed by a council officer. All applications are also cross checked against the LRSG (Closed) scheme to ensure a

business has not already received a grant from this fund.

Consultees

Appendices

Annex A – Funding letter from BEIS

Background papers

None Identified