

Additional covid restrictions grant scheme- confirmation of decision taken under urgency powers (Standing Order 35)

Strategy & Resources Committee Wednesday, 16 December 2020

Report of: Executive Head of Communities

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and/or Local Covid Alert Level (**LCAL**) 3 restrictions.

The Department for Business, Energy and Industrial Strategy published guidance for Local Authorities in administering both the Local Restrictions Support Grant (**LRS**G) (national Scheme) and the Additional Restrictions Grant (**ARG**) Scheme (discretionary scheme) to support businesses in their areas.

This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. Both the LRS G and ARG Scheme shall be administered by all business rate billing authorities in England.

Business who do not meet the eligibility criteria for a national LRS G, can submit an application for an Additional Restrictions Grant at the discretion of the Local Authority.

The requirements of the Government Guidance relating to the Additional Restrictions Grant Scheme meant that the scheme had to be set up and implemented within a very short timeframe. An Additional Restrictions Grant Scheme was developed and approved by the Chief Executive and Group Leaders by means of an Urgency Decision on 20 November 2020 pending review and ratification by the Strategy and Resources Committee.

This report supports the Council's priority of: Supporting economic recovery in Tandridge

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Recommendation to Committee:

That the Additional Restrictions Grant Scheme detailed at Appendix A be ratified.

Reason for recommendation:

The Council has implemented an Additional Restrictions Grant Scheme in line with Government requirements and guidance.

The Additional Restrictions Grant Scheme has been developed to ensure businesses facing financial hardship because of a requirement under national restrictions to close or part close and who are not eligible for payment under the Local Restrictions Support Grant Scheme, are able to receive financial support.

Introduction and background

1 Local Restrictions Support Grant

1.1 Businesses required to close due to national restrictions may be eligible for the following Local Restriction Support Grant:

- Properties with a rateable value of £15k or under could be eligible for grants of £1,334 every four weeks.
- Properties with a rateable value of over £15k and below £51k could be eligible for grants of £2,000 every four weeks.
- Properties with a rateable value of £51k or over could be eligible for grants of £3,000 every four weeks.

2. Additional Restrictions Grant Scheme

2.1 Whilst the Government has guided Local Authorities as to the types of business that the Government considers should be a priority for the scheme such as hospitality venues, cinemas and personal care establishments including barbershops and nail salons, Local Authorities have the discretion to determine for themselves whether particular situations not listed in the guidance are broadly similar in nature to those listed in the guidance and, if so, whether they should be eligible for payments under the ARG Scheme.

2.2 Local Authorities may choose to make payments to other businesses based on local economic need, including if it can be demonstrated that the grant will make a significant contribution to protecting local jobs, if the business is in a prominent location, or if the business makes a significant contribution to the local economy.

2.3 The Additional Restrictions Grant is primarily and predominantly aimed at:

- Businesses with relatively high ongoing fixed property-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments
- Businesses that were trading on or before 4 November 2020.

2.4 Companies that are in administration, are insolvent or where a striking off Notice has been made are not eligible for funding under this Scheme.

2.5 For the ARG fund to benefit the maximum number of eligible businesses, it is proposed to have four levels of grant payments between £500.00 and £3000.00, directly proportionate to the relative level of property costs for the business and considerations given to the relative impact on income due to the Covid-19 crisis. Details of the proposed grant amounts are set out in paragraph 18 (page 3) of Appendix A.

2.6 Businesses are limited to only one grant per premises in the District.

2.7 The application form will be available on the Council's website only. The electronic form, including the declaration, must be fully completed with all the required evidence to be considered for a grant.

3. Evidence required for the ARG Scheme application

3.1 For an application to be considered, the Council requires businesses to demonstrate that they meet the eligibility criteria stated above. In order to do so, applicants may be asked to provide the following:

- Evidence of property costs such as rent, rates or mortgage payments above the de minimis level (see table below). This should take the form of leases/agreements showing an obligation to pay and bank statements evidencing that payments have been made;
- Evidence to demonstrate a substantial loss in income as a result of the Covid-19 crisis. This is likely to be in the form of filed accounts for previous years and management accounts/bank statements for the current period; and
- Confirmation of State Aid compliance.

Other options considered

4. It is a Government requirement that local authorities develop and publish an Additional Restrictions Grant Scheme.
5. Although not a requirement under the guidance, a cross party Officer / Member Advisory Panel has been convened, to ensure transparency and fairness in the Council's decision to administer grant payments to businesses.

Consultation

6. An Additional Restrictions Grant Scheme was developed and approved by the Chief Executive and Group Leaders by means of an Urgency Decision on 20 November 2020 pending review and ratification by the Strategy and Resources Committee.

Key implications

Comments of the Chief Finance Officer

The cost of Local Restrictions Support Grant and Additional Restrictions Grant schemes payments will be fully met by Central Government. Funding of £2,911,916 which has already been received, therefore there will be no adverse effect on the Councils cashflow position. To date there has been no announcement on any specific additional support to the Council to offset the additional administration costs that will be incurred.

Whenever giving out grants there is a risk of fraud. The Government is supporting Local Authorities to make checks, so applications can be verified, and payments made correctly. All payments of grant will be made by a BACS transfer to the applicant's ordinary business bank account. Bank accounts will be verified by the Council's counter-fraud team.

Comments of the Head of Legal Services

The Council has the power to deliver the Additional Restrictions Grant scheme under Section 1 of the Localism Act 2011. The Scheme is intended to provide assistance to businesses which have been impacted by Covid-19. In keeping with the Council's duties for transparency and to ensure that the Council is not subject to any judicial review challenge of its decisions the application criteria, application process and decision-making process should transparently be available and all decisions on grants should be based solely on the criteria and clearly evidenced.

Under the European Commission's COVID-19 Framework, each business may receive up to €800,000 in grants or other aid without being in breach of state aid rules. It seems from this report that the grants from the Council itself to each recipient will be comfortably below in this limit. However, for each grant recipient, the Council's grant must be aggregated to any other public-sector support (e.g. other grants) which the grant recipient is receiving from all other public bodies (e.g. from central government, other local authorities if operating there). It seems from the report that the businesses eligible for this grant are too small to have significant grants from other public bodies. However, the Council will still need to comply with the requirements indicated in the BEIS guidance regarding state aid declarations.

Equality

An Equality Impact Assessment has been completed which has not identified any negative impacts as a result of this Policy. A copy of the EIA is available in the background papers to this report.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix 'A' – Additional Restrictions Grant Scheme

Background papers

Equality Impact Assessment