

Report to: Leader of the Council

Date: 16 November 2020

Title: Local Restrictions Support Grants

Report of: Tim Whelan, Director of Service Delivery

Cabinet member: Cllr James MacCleary

Ward(s): All

Purpose of report: To consider the proposed Local Restrictions Support Grant Policy (LRSG) 'Closed' Policy and the LRSG 'Sector' Policy for those businesses required to close by law due to national and local lockdown restrictions imposed by Central Government to manage the coronavirus pandemic

Decision type: Key decision

Officer recommendation(s): (1) The Leader of the Council Approves the LRSG 'Closed' and 'Sector' Policies as set out in Appendix 1 and 2

(2) Grant the Director of Service Delivery delegated authority, to implement, and if necessary, amend both policies (in consultation with the Leader), such delegated authority to include any measures necessary for or incidental to its management and administration

Reasons for recommendations: Cabinet approval is required for the LRSG policies which will be used for the purposes of administering the scheme

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1 Introduction

- 1.1 On 31st October the Government announced a further national lockdown effective from 5th November to 2nd December which requires certain businesses to legally close due to restrictions being put in place to manage coronavirus and save lives. The announcement included a grant funding package and schemes that will operate to support businesses within the business rates system.
- 1.2 The Council is fully aware of the importance of these grants to assist businesses and the scheme will offer a lifeline to businesses who are struggling to survive during the COVID-19 crisis.

2 Proposed scheme

Local Restrictions Support Grant 'Closed' Policy

- 2.1 Whilst Government wants Councils to exercise their local knowledge and discretion, it has set national criteria and the Council will only consider businesses where all eligibility criteria are met.
- 2.2 Businesses that were open as usual and providing 'in-person services' to customers from their business premises will be required to close for the entirety of the national restriction period.
- 2.3 Guidance from the Department of Business, Energy and Industrial Strategy (BEIS) states that this could include:
- Non-essential retail
 - Leisure
 - Personal care
 - Sports facilities
 - Hospitality businesses that operate primarily as an 'in person' venue but have been forced to close these services
- 2.4 The following Businesses are excluded from local and national restrictions:
- Businesses that are able to continue to trade because they do not depend on providing direct 'in-person' services from premises and can operate their services effectively remotely (e.g. accountants, solicitors)
 - Businesses outside of scope of the restrictions as specified by the Government
 - Businesses that have chosen to close but have not been required to
 - Businesses which have already received grant payments that equal the maximum levels of State aid permitted under the de minimis
 - Businesses that were in administration, are insolvent at the date of the restriction
 - Businesses subject to national closures since 23rd March 2020. They will be supported through the LRSG 'Sector' Scheme
- 2.5 The property must be shown in the local rating list as of the effective date of the national lockdown and the person who will receive the grant will be the person, according to the Council's records, was the registered ratepayer. Grants will not be awarded where the property is unoccupied.
- 2.6 The amount of grant and the frequency of awards in respect of the national restriction are fixed as follows:
- Businesses with a rateable value of £15,000 or under will receive a payment of £1,334 per 28 day qualifying restriction period
 - Businesses with a rateable value of £15,001 to £51,000 will receive a payment of £2,000 per 28 day qualifying restriction period

- Businesses with a rateable value of £51,001 or above will receive £3,000 per 28 day qualifying restriction period

At the end of the national restriction, businesses may qualify for further grants depending on the LCAL that applies to the area at that time and the schemes in operation by the Council.

- 2.7 Applications will be made online through the Council grant portal to enable efficient management and processing as well as reducing the risk of fraud by automatic liability checking and validation of the application against the business rates database, companies house, commercial credit bureau data and previous COVID business grants data already stored on the portal.
- 2.8 Payments will be made to businesses via BACS within 4 working days of receipt of a received application.

Local Restrictions Support Grant 'Sector' Policy

- 2.9 The LRSG 'Sector' scheme is specifically aimed at supporting businesses that were required to close due to national restrictions imposed on 23 March 2020 and which have not been able to re-open since.
- 2.10 The scheme is not currently available under national lockdown restrictions, however the business sectors detailed in paragraph 2.11 will be in scope to apply for a grant under the LRSG 'Closed' policy. Should the Council enter local lockdown restrictions after 02 December 2020 when the national lockdown is due to end the LRSG 'Sector' policy will come into force if consistent with the local Covid alert level the Council is placed in at that time.
- 2.11 Guidance from BEIS states the following businesses are eligible:
- Nightclubs, dance halls, and discotheques
 - Sexual entertainment venues and hostess bars

Businesses will not be eligible if they have re-purposed their business and as a result have been able to open, for example, changing their business from a night club to a bar or food / restaurant service.

- 2.12 The property must be shown in the local rating list and the business must have been trading on 23 March 2020 to be eligible to receive a grant.
- 2.13 Payments will be made for each 14 day period of closure from 01 November 2020 and will not be backdated. The amount of grant and the frequency of awards in respect of the national restriction are fixed as follows:
- Businesses with a rateable value of £15,000 or under will receive a payment of £667 per 14 day qualifying restriction period
 - Businesses with a rateable value of £15,001 to £51,000 will receive a payment of £1,000 per 14 day qualifying restriction period
 - Businesses with a rateable value of £51,001 or above will receive £1,500 per 14 day qualifying restriction period

3 Financial implications

- 3.1 The Council has been allocated £1,554,462 for the LRSG 'Closed' scheme on a 28 day cycle for as long as national restrictions apply.
- 3.2 A pro-rata payment from 01 November to 04 November when National restrictions came into force will be allocated under the LRSG 'Sector' scheme to support eligible businesses.
- 3.3 BEIS have confirmed that payments will be made to Local Authorities by 13 November 2020. Payments to businesses will not be made until the funding allocation has been received from BEIS.

4 Consultation

- 4.1 This additional funding has been made available by Government as an emergency measure to support businesses which are required to close at short notice as the measures took effect on 05 November. Time does not permit business consultation as awards need to be made urgently, but awards will be made in accordance with existing and future government guidance and the delegation sought permits the scheme to be adjusted if that is found to be necessary or desirable.

5 Legal Implications

- 5.1 This is a new scheme which needs to be implemented as a matter of urgency and so executive approval for the scheme is being sought from the Leader. The Leader is being asked to authorise the Director of Service Delivery to implement and administer the scheme as there is no existing officer delegation in place. The Director of Service Delivery and the Chief Finance Officer have previously been given delegated powers to administer similar schemes such as determining entitlement to rate relief and determining applications for housing, council tax and similar benefits.
- 5.2 Any award of grants shall comply with EU law on State Aid on the basis that the claimant shall not receive more than €800,000 in total of De Minimis aid within the current financial year (or previous two financial years) as defined in the De Minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013)

6 Risk management implications

- 6.1 There is a risk that, without a scheme in place, the Council would be unable to pay grants to eligible businesses in a timely manner which could result in further financial hardship or at worst bankruptcy or insolvency. Failure to distribute the support to businesses before the national lockdown ceases could cause reputational damage to the council.

- 6.3 It is anticipated that 760 businesses could be in scope to apply, however it is difficult at this stage to determine how many will make an application given that the level of grants payable are substantially less than earlier grant schemes. The Specialist Advisors will initially be allocated to process claims, however if this proves to be insufficient additional staff with non-urgent work activities with suitable skills will be drafted in to support.

7 Equality analysis

- 7.1 None has been undertaken for the reasons set out above i.e this is an emergency grant award. However, payments will be made in accordance with government guidance and consistency of approach is being secured through the adoption of a countywide scheme.
- 7.2 It is our view that the policy is robust and shows no potential for discrimination.

8 Conclusions

- 8.1 The impact of Covid-19 is global continues and remains unquantified as business struggles to control the economic turbulence we have all experienced since early March.
- 8.2 In these unprecedented times the Government expects local authorities to have in place arrangements to administer and pay grants to businesses as quickly as possible in November.

9 Appendices

- Appendix 1 – Local Restrictions Support Grant ‘Closed’
- Appendix 2 - Local Restrictions Support Grant ‘Sector’

10 Background papers

The background papers used in compiling this report were as follows:

- Guidance for Local Restrictions Supports Grants

<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>