

EXECUTIVE DECISION RECORD

REF No 291.21

A1 Service Area	Revenues, Benefits & Customer Contacts
A2 Title	Additional Restrictions Grant review – phase 3
A3 Decision Taken By	Leader/ Chief Officer
A4 Chief Officer	Please print name: Sal Khan Please sign name: Approval by email 260521
A5 Leader / Deputy Leader	Please print name: Councillor Duncan Goodfellow Please sign name: Approval by email 260521 Please print name: Cllr Raymond Faulkner Please sign name: Approval by email 210521
A6 Date of Decision	26 th May 2021

Confidentiality

A7 Is this Decision confidential by containing exempt information as described in Schedule 12A of the Local Government Act 1972?	No
A7.1 If yes, please state relevant paragraph from Schedule 12A LGA 1972.	N/A

Scrutiny

A8 Which Scrutiny Committee should this decision be submitted to? *(Please tick as appropriate)* ✓

Scrutiny (Audit & Value for Money Council Services) Committee

Scrutiny (Community Regeneration, Environment and Health and Well Being) Committee ✓

B1 What is the Decision?	To approve the recommendations shown in paragraph B2, and following a review of the applications for the Council's Additional Restrictions Grant scheme received as at April 2021.
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B2 What are the reasons for the Decision?

The Government announced the Additional Restrictions Grant (ARG) scheme on 31 October 2020 to enable Local Authorities to provide support to businesses severely impacted by the national and local pandemic restrictions.

The Government announced the Local Restrictions Support Grant (Open) (LRSG (O)) scheme on 22 October 2020 intending to support businesses that are open but severely impacted by the restrictions under Tier 2 and 3.

The Council's ARG scheme – phase 1

As the funding allocated by the Government covers the period from November 2020 to March 2022, the Council implemented the following scheme also incorporating three phases of grant awards to support businesses.

Under its scheme the Council decided it will support the following businesses:

- Small/micro businesses (as defined in Government guidance) in shared offices/workspaces that don't have their own business rates assessments;
- Regular Outdoor Market Traders and Street Traders trading in East Staffordshire who do not have their own business rates assessment;
- Self-employed person(s) not eligible for the Self-Employed Income Support Scheme (does not include homeworkers who work for an employer, anyone who is furloughed, or students)
- Bed & Breakfast businesses and self-catering holiday lets that pay Council Tax instead of business rates (excluding home-sharing).
- Businesses that do have a business rates rateable value but have not been mandated to close by Govt and will therefore be severely impacted by the national restrictions in force.

The Council decided that there will be one grant paid for each business that does not have a business rates assessment that submits a successful application. Business that do have a business rates assessment and submit a successful application will be paid one grant per hereditament.

Businesses were required to demonstrate how their business has been severely impacted by the pandemic, and any applications from businesses eligible for any other Local Restrictions Support Grant were be refused.

Under phase 1 the Council decided that three levels of grant would be payable to successful applicants:

- For businesses without a business rates assessment, and businesses with a rateable value of £15,000 or less, £1,334 was paid.
- For businesses with a rateable value of between £15,001 and £50,999, £2,000 was paid;
- For businesses with a rateable value of £51,000 or more £3,000 was paid.

Applications were invited between 24 November and 23rd December 2020. 1009 applications were been received, 33 of which were successful. A total of £49,018 grant payments was paid.

ARG Scheme phase 2

As there had been little take-up for the grants, a review of the scheme was undertaken during January 2021. It was agreed to extend the scheme criteria so that businesses who show a reduction in turnover of at least 20% (rather than 30%) were eligible to apply for a grant.

It was also agreed that the grant payment amounts be increased to a single amount of £10,000 per successful application, and the Council put aside £2m of its allocated ARG funding to support 200 businesses with this level of grant across all phases. It was also agreed that once this amount of allocated funding had been exhausted, a further review of the scheme would be conducted.

It was also agreed to increase the grant payment to £10,000 each for the 33 successful applicants in phase 1. Applications from those unsuccessful under phase 1 where they had shown turnover has reduced by less than 30% were also re-opened for processing under the revised criteria and revised grant payment amount.

ARG scheme phase 3

As at 16/04/2021 363 ARG applications had been received and 62 paid, utilising £620,000 of the allocated funding. As at 05/05/2021 381 applications have been received, 99 paid and 149 refused. The remaining 133 applications are being processed.

An analysis of the refused applications showed one of the main reasons for refusal is the condition that applicants eligible for the Self-Employed Income Support Scheme are not eligible for an ARG. We have since found that a person eligible for SEISS can also meet the criteria for small or micro businesses, as can Market Traders, and applicants are simply choosing another criteria to qualify under instead of the SEISS. Other refused applications are because applicants are eligible for LRSG, not

providing enough information or responding to requests, or their turnover decrease is below 20%.

Six options were put forward following the review.

Option 1: Do nothing was not the preferred way forward as there was still a large amount of unspent funding and so it was agreed to discount this option.

Option 2: Remove the criteria element regarding eligibility for the Self-Employed Income Support Scheme. It has been agreed to implement this option and re-open the applications that have been refused under this criteria element.

Option 3: Change the eligibility criteria for rated businesses. It has been agreed that applications will be refused from businesses eligible for both a Local Restrictions Support grant (LRSG) **and** a Restart grant (RG). This means that businesses who aren't in the sectors supported by a RG can apply for and ARG. The revised wording for this criteria element should be amended to:

'Businesses entitled to Local Restrictions Support Grant and a Restart Grant are not eligible for this grant.'

Option 4: Amend the criteria element where businesses show a decrease in turnover. It has been agreed that the wording for this criteria should be amended to:

'Businesses must clearly demonstrate how they have been severely impacted by Government restrictions and clearly demonstrate a reduction in turnover of at least 20% for the year ending 31 March 2021 when compare to the previous financial year ending 31 March 2020.'

It has also been agreed that officers will continue to extrapolate figures where businesses have not been trading for at least 24 months.

Option 5: Change the amount of grant available. It has been agreed that the level of grant be based on the rateable value of the property (similar to phase 1 of the scheme, but with increased amounts):

- Business not rated and businesses with a rates assessment and that rateable value of up to and including £15,000: a grant of £10,000;
- Businesses with a rates assessment and that rateable value between £15,001 and £50,999: a grant of £15,000;

- Businesses with a rates assessment and that rateable value of £51,000 or more: a grant of £20,000.

These levels of grant are similar to the levels of Local Restrictions Grants available to businesses between November 2020 and March 2021.

Option 6: Increase the grant for all current successful grant recipients to the levels within Option 5. It was agreed to implement this option which will result in an extra £220,000 being spent on the 99 successful applications so far.

Options 2 to 6 still allow the Council to consider other forms of support it wishes to provide to businesses. A further review will be done by the end of Q1 to see how the funding has been utilised and whether the Council could then apply for top up funding from the recently announced £425m pot should its allocated amount be fully spent. Application for top up funding must be made before 30/06/2021.

New Businesses

It was agreed that an additional grant be available under the ARG scheme to support new businesses set up since 01/04/2019 that have been severely impacted by the pandemic restrictions. The following criteria was agreed:

- The business must be a new business set up any time since 01/04/2019, and must evidence that the business had been trading since its inception;
- The business must be able to demonstrate they had a business plan which has been accepted by their bank/financial institution for financial support and must submit a copy of their business plan to support their application;
- The business must be able to demonstrate that their bank/financial institution has accepted that business plan and must provide evidence which shows their business plan was accepted by their bank/financial institution.
- The business has not already received an Additional Restrictions Grant.

It was agreed that successful applicants will be eligible for one of two grants under this element:

- £5,000 if the business does not have a business rates assessment;
- £10,000 if the business does have a business rates assessment.

It was agreed that the Council's Enterprise Team would receive and process the applications for these grants, and would then

send details of the approved applications to the Revenues Team for the grant payments to be issued alongside other ARG grant payments. The Revenues Team will be responsible for all reconciliations relating to ARG funding.

A further review will be done by the end of Q1 to see how the funding has been utilised and whether the Council could then apply for top up funding from the recently announced £425m pot should its allocated amount be fully spent. Application for top up funding must be made before 30/06/2021 and the Council must be able to demonstrate that all existing funding, including any transferred to a third party has been defrayed in order to qualify for the top-up.

Supporting Other Businesses

The Government has recently revised its ARG guidance (4 May 2021) and are encouraging Local Authorities to support businesses that haven't been eligible for grant support during the pandemic and especially businesses that aren't entitled to the Restart Grant, implemented on 01/04/2021.

It has been agreed that the Council will provide a one-off grant to businesses under this element of its ARG scheme with the following criteria:

- The business must demonstrate they were trading on or before 01/04/2021 and are continuing to trade;
- The business is not entitled to a Restart Grant;
- The business has not already received an Additional Restrictions Grant.

It has been agreed that there will be a small application window from 01/06/2021 – 15/06/2021 and it has also been agreed that there will be a one-off grant payment of £5,000 for successful applications.

A further review will be done by the end of Q1 to see how the funding has been utilised and whether the Council could then apply for top up funding from the recently announced £425m pot should its allocated amount be fully spent. Application for top up funding must be made before 30/06/2021.

Recommendations

- Approve Options 2 to 6, as detailed above, for ARG scheme review Phase 3.
- Approve the criteria, conditions and grant levels for the New Business element of the ARG scheme.

	<ul style="list-style-type: none"> • Approve the criteria, conditions and one-off grant level for the Supporting Other Business element of the ARG scheme.
B3 What are the contributions to Corporate Priorities?	As the Council has a finite amount of funding available to support businesses within the scope of these schemes, it contributes to the priority 'Community Regeneration'.
B4 What are the Human Rights considerations?	There are no Human Rights issues arising from this decision.

Financial Implications

B5 What are the financial implications?	<p>The main financial issues arising from this decision are as follows:</p> <p>There is a finite amount of funding available to the Council for the ARG scheme: £3,458,861.</p> <p>Under this 3rd review of the ARG scheme, the Council would spend £220,000 to uplift successful applications so far. This will leave £2,248,861 funding unspent.</p> <p>It is estimated that of the 133 applications still being processed, only 41% will be successful and a further £643,094 in grant payments could be issued. This leaves £1,605,767 funding available to spend on further new applications, applications under the New Business element and applications under the Supporting Other Businesses element as well as any wider business support which is currently under consideration (in line with the guidance). It is extremely difficult to estimate the number of applications we are likely to receive under the two new elements, therefore estimates of spend have not been calculated.</p> <p>The scheme is funded under Section 31 of the Local Government Act 2003 and all monies must be allocated by 31 March 2022. However, the Council can apply for top up funding from the recently announced £425m pot should its allocated amount be fully spent in line with the guidance. The Council must make its application for top up funding before 30/06/2021.</p>
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Revenue - ARG	2020/21	2021/22
ARG Grant Funding allocation	£3,458,861	
Phase 1 grants paid		-£ 49,018
Phase 2 grants paid		-£ 940,982
Proposed uplift for all successful applications so far (Option 5)		-£ 220,000
Estimated spend on applications still being processed		-£ 643,094
Estimated unspent funding	£1,605,767	

The finance section has been approved by the following member of the Financial Management Unit:	Please print name: Lisa Turner, Chief Accountant Please sign name: Approval by email 200521
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Policy Framework

B6 Is the Decision wholly in accordance with the Council's policy framework?	Yes
B6.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	NA
B6.2 Has it got the appropriate approvals under those provisions?	NA
B7 Is the Decision wholly in accordance with the Council's budget?	Yes
B7.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	NA
B7.2 Has it got the appropriate approvals under those provisions?	NA

Equalities Implications

B8 What are the Equalities implications:
B8.1 Positive (Opportunities/Benefits): The Council is able to support more businesses in East Staffordshire who are not able to apply for any other grant funding.
B8.2 Negative (Threats): The funding is finite and limited numbers of businesses will have a successful application.
B8.3 The subject of this decision is a policy, strategy, function or service that is new or being revised. An equality impact assessment is being completed.
B8.4 [The equality impact assessment identified the following actions to be carried out:] NA

Risk Assessment

B9 What are the Risk Assessment implications:
B9.1 Positive (Opportunities/Benefits): The impact to business ratepayers and the Council is low, as the scheme is fully funded by the Government.
B9.2 Negative (Threats): With any grants scheme there is the potential risk of fraud. The Council has put in place a robust range of processes and procedures in order to minimise the risk of fraud.
B9.3 The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

Legal Considerations

B10 What are the Legal Considerations:
B10.1 The main legal issues arising from this decision are as follows: Section 31 Local Government Act 2003 Part 2A Public Health (Control of Disease) Act 1984
This section has been approved by the following member of the Legal Team
Please print name: Angela Wakefield, Solicitor to the Council; Monitoring Officer
Please sign name: Approval by email 200521

Sustainability Implications

B11 What are the Sustainability implications:
B11.1 The proposal would not result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures). The positive/negative impacts are set out below (please refer to guidance notes).
B11.2 Positive (Opportunities/Benefits): NA
B11.3 Negative (Threats): NA

Health & Safety Implications

B12 What are the Health & Safety implications:
B12.1 A Risk Assessment has not been carried out and entered into Safety Media for all significant hazards and risks because there are no significant hazards or risks arising from this decision.
B12.2 Any financial implications to mitigate against these hazards and risks are considered above.
B12.3 [Control measures and an action plan have been identified for any significant hazards and risks identified in the risk assessment. The positive/negative impacts are set out below] NA
B12.3.1 Positive (Benefits) NA
B12.3.2 Negative (Threats) NA

Key Decision

B13 Is this a Key Decision? No (*please delete as appropriate*)

Note: A Key Executive Decision is one where:

- 1. REVENUE – Any contract or proposal with an annual payment or saving of more than £100,000**
- 2. CAPITAL – Any capital project with a value in excess of £150,000**
- 3. A decision which significantly affects communities living or working in an area comprising two or more wards.**

B13.1 If this is a Key Decision, is this an urgent decision such that a delay caused by use of the Call-in Procedure would <u>seriously</u> prejudice the public interest?	NA
B13.2 If yes, has the Mayor or in his/her absence the Deputy Mayor or in his/her absence the Chair of the relevant Scrutiny Committee agreed that the decision will be exempt from Call-in?	NA

NOTE: If this decision is subject to the Call-in Procedure it will come into force, and may then be implemented, on the expiry of 3 working days after publication – unless 10 Members of the Council call in the decision.

Please send the original signed document to andrea.davies@eaststaffsbc.gov.uk