

Local Restrictions Support Grants and Additional Restrictions Grants

Report to support the Individual Cabinet Member Decision

Date	18 November 2020
Report Author	Tim Willis, Deputy Chief Executive & S151 Officer
Portfolio Holder	Cllr Rob Yates, Cabinet Member for Finance, Administration & Community Wealth Building
Status	For Decision
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:

This report sets out proposals for the implementation of the Local Restrictions Support Grants and Additional Restrictions Grants.

Recommendation(s):

To approve the Thanet scheme for implementation of the Local Restrictions Support Grants (LRSG) Addendum and Additional Restrictions Grants (ARG) schemes as set out in this report.

Corporate Implications

Financial and Value for Money

The Government has allocated £3,037,176 for the LRSG, being 90% of its estimate of what Thanet requires. It has also allocated £2,808,440 in respect of the ARG, stating that this ARG funding is one-off, for the period to March 2022.

Legal

The measures are necessary, as, during the current lockdown period, regulations are in force which require all non-essential businesses to close. The restrictions are set out in Part 4 of The Health Protection (Coronavirus Restrictions) (England) (No 4) Regulations 2020. Specifically, Regulations 15 and 16 apply.

Corporate

The funding will be managed in order to support as many eligible businesses as possible under the terms of the schemes, whilst minimising the risk of exhausting the funding.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no direct equality implications arising from this report.

CORPORATE PRIORITIES

This report relates to the following corporate priorities:

- Growth
- Communities

1.0 Introduction and Background

1.1 On 31 October, the Government announced new lockdown measures from 5 November and has provided funding to support businesses that are required to close due to the restrictions being put in place to manage the pandemic. Part of the financial measures announced are grants for businesses that have been forced to close under the latest lockdown measures.

1.2 The funding falls under the Government's Local Restrictions Support Grant (LRSG) scheme. The scheme has been in operation for tier 2 and tier 3 local authority areas before 5 November. Now, the scheme has been broken down into the following categories:

- LRSG (Open) and LRSG (Closed) - these were (and may be) the schemes for tier 2 and tier 3 LA areas.
- LRSG (Closed) Addendum - this is related to the national lockdown for all LAs from 5 November until 2 December and is the mandatory part.
- LRSG (Sector) - this is specifically for businesses that have been closed since 23 March, such as nightclubs.

- ARG - this is the Additional Restrictions Grant and is the discretionary part of the national lockdown LRSG (Closed) Addendum.

1.3 TDC has been informed that it has received £3,037k for its LRSG(C) scheme which represents 90% of what the Government has calculated would be payable, based on business rates data. We have also received £2,808k for the ARG, which the Government has stated is one-off, with no intention of further funding under this category. The LRSG(C) amount is intended to cover the LRSG(S) costs too - there is a four-day period of operation for the LRSG(S), 1-4 November, thereafter the LRSG(C) subsumes businesses in LRSG(S).

2.0 Local Restrictions Support Grants (Closed) Addendum

2.1 Businesses required to close in England due to local or national restrictions (listed on the government website [here](#)) will be eligible for the following LRSG (Closed) Addendum:

- For properties with a rateable value of £15,000 or under, grants to be £1,334 per 28-day qualifying restriction period.
- For properties with a rateable value of between £15,000-£51,000 grants to be £2,000 per 28-day qualifying restriction period.
- For properties with a rateable value of £51,000 or over grants to be £3,000 per 28-day qualifying restriction period.

2.2 The grants will be subject to a request or application from businesses, so that the necessary disclosures and bank details can be provided. Once received, grant payments will be made. The scheme will be administered by Civica, who manage business rates for the council, and overseen by the S151 Officer.

3.0 Additional Restrictions Grant (ARG)

3.1 The Government recognised that some businesses that are required to close may not be registered for business rates and others won't have been forced to close, but they will be significantly financially affected. As such, local authorities have been allocated Additional Restrictions Grant (ARG). The Government has provided the following guidance:

“Local Authorities can determine how much funding to provide to businesses from the ARG funding provided, and exactly which businesses to target. However, we encourage Local Authorities to develop discretionary grant schemes to help those businesses which – 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 – for example – businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector. Local Authorities may also choose to help businesses outside the business rates system, which are effectively forced to close – for example market traders. Finally, Local Authorities could use ARG funding to

provide additional support to larger local businesses which are important to the local economy, on top of the funding provided to those businesses via the LRSG (Closed) scheme, with due reference to State Aid. In taking decisions on the appropriate level of grant, Local Authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether they are unable to trade online and the consequent scale of coronavirus losses.”

3.2 The council has therefore worked quickly with Civica to set up a ARG/discretionary grant fund to be distributed to these businesses. This ARG funding will be available for the period announced under the new restrictions starting on 5 November until 2 December. Beyond this time, this policy will be reviewed if a national or localised lockdown is implemented or extended. However, the Government has specified that local authorities should assume that funding received for the ARG is one-off in nature.

3.3 Once the scheme is operational and ARGs begin to be paid, it is recommended that an interim review be conducted to assess the functioning of the scheme, publicity to ensure maximum awareness in the business community and an assessment of the likely balance of available funding. The Government has advised that the funding awarded to Thanet of £2.8m is one-off, so we will need to be confident that sufficient is available for the immediate and future needs of businesses due to Covid restrictions, as well as a provision for appeals.

4.0 Eligibility Criteria for the ARG

4.1 This funding is available for business closures, where companies are not covered under the Local Restrictions Support Grant (Closed) Scheme, but have significant fixed costs which are not related to employment. Fixed costs are any costs relating to the operation of the business that cannot be cancelled during this period. These could include property costs such as rent for non-rateable commercial premises, utilities, etc.

4.2 Eligible businesses are those significantly affected by business closures caused by national restrictions announced on 31 October 2020 and that come into force on 5 November 2020. This grant will not be administered for periods of impact before these dates. These businesses will include those that provide products and services to the retail, hospitality, and leisure sectors, or businesses in the events sector, that have been forced to close during the second national lockdown. A list of businesses is in the link to the Government website in paragraph 2.1.

4.3 Businesses with a registered address in the Thanet District Council area will be eligible for this scheme. The business will need to be trading within the district. Where a business is registered in another council area (although has a presence in the district) the council will take a discretionary view on a case-by-case basis.

4.4 The business must have been actively trading on and before 4 November 2020.

- 4.5 ARG will be paid subject to State Aid regulations, meaning the business needs to check that they comply with State Aid rules and inform the council accordingly prior to payment being made. If State Aid rules are breached the responsibility lies with the applicant and, in line with legislation, the Council can take action to recover the funding.
- 4.6 In general, top-up grants for the Local Restriction Support Grant scheme will not be paid out to businesses. Where businesses feel they have an exceptional case, e.g. the services they cannot provide because of lockdown have a significant impact on the wider community, they should contact the council separately.
- 4.7 The definition of “significant impact” will be assessed from information provided by the business. In the case of businesses that are not within the Government categories being forced to close, but which claim a significant impact, they will have to show that at least 50% of their revenue comes from businesses required to close within the defined sectors and that this will have an impact on their income of at least 30%.
- 4.8 If a business trades in another local authority area, for example market traders, they will be eligible for a grant (subject to the other criteria) where their home address is located.
- 5.0 Exclusions to the ARG
- 5.1 Businesses that are able to continue to trade and can operate their services effectively remotely.
- 5.2 Businesses that have chosen to close but not been required to do so will not be eligible for this grant, unless they can demonstrate Significant Impact through cancelled orders for products and services to closed businesses in the retail, hospitality, leisure or events sectors.
- 5.3 Businesses which have already received grant payments that equal the maximum levels of State Aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework.
- 5.4 For the avoidance of doubt, businesses that are in administration, in liquidation or where a striking-off notice has been made, are not eligible for funding under this scheme. Anti-fraud checks will also be in place.
- 6.0 ARG Grant Levels
- 6.1 A business that is registered for Business Rates, that is not within the sectors that are required to be closed in accordance with Government rules, but can nonetheless demonstrate a significant adverse impact on their business as defined in the criteria, will be eligible for an ARG that mirrors the mandatory scheme. That is:

- For properties with a rateable value of £15,000 or under, grants to be £1,334 per 28-day qualifying restriction period.
- For properties with a rateable value of between £15,000-£51,000 grants to be £2,000 per 28-day qualifying restriction period.
- For properties with a rateable value of £51,000 or over grants to be £3,000 per 28-day qualifying restriction period.

6.2 Where a property does not have a rateable value or is part of a larger rateable value, then rents paid, the size of the business and projected impact will be used to provide eligibility to an ARG. If eligibility is confirmed, an ARG of £1,334 will be payable per 28-day qualifying restriction period.

7.0 Evidence to support an ARG application

7.1 Businesses that are not required to close under the national lockdown and are applying for ARG (Discretionary) funding will be required to make a statement that confirms their eligibility. The council places responsibility on the applicant to agree that their statement is correct to the best of their knowledge. In addition, businesses that are not required to close will need to provide evidence to demonstrate they supply companies that are required to close and an impact on income.

8.0 Appeals

8.1 An appeals process will be in place where a business disputes the decision made by the council. The appellant will need to email the council requesting an appeal and appeals will need to include a statement providing additional information and supporting evidence. The application and appeal documents will be considered by the council who will make a final decision. The appellant will subsequently be notified of the outcome of their appeal.

9.0 Administration

9.1 TDC, along with Dover and Canterbury councils, has its business rates administered by Civica. Civica will administer the system that will enable applications and payments for both the mandatory LRSG(C) and discretionary ARG schemes. The aim is to have this ready to go live on 18 November.

9.2 Civica has further indicated that it will develop a system to handle an LRSG(O) scheme. This system will take a little longer to develop but it would mean that if, after the national lockdown ends (currently scheduled for 2 December), Thanet is in a tier 2 or tier 3 local lockdown category, it will be able to use the system for further payments to businesses, in accordance with the applicable Government scheme.

9.3 The cost of the Civica system itself is estimated to be £17,500. Additional Civica administration costs to manage the schemes are yet to be determined and will depend on the volume of applications, but it is anticipated that the total cost will be

met by Government New Burdens funding. There is not envisaged to be any additional administrative charge from the council, unless Civica cannot administer the ARG scheme.

10.0 Options

10.1 The ARG scheme is discretionary, so Cabinet could decide to adopt different criteria to that set out in this report.

10.2 Cabinet could choose not to use Civica to administer the ARG scheme. However, this would result in the LRSG (mandatory) scheme and the ARG (discretionary) scheme being managed in two different ways, which would be less efficient. The council does not have the capacity to administer the ARG scheme and would need to find the resources, which might include backfilling, and this would be at additional cost and potential delay.

11.0 Next steps

11.1 If this report is agreed, then Civica will be asked to administer the LRSG and ARG schemes for the council. The plan will be to go live on 18 November, with grant payments following, starting in December. Assuming this timetable, then in January a progress update will be prepared to assess progress and Cabinet may choose to receive another report if further decisions are required.

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Background Papers

Government Guidance:

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

Corporate Consultation

Finance: n/a

Legal: Estelle Culligan, Director Law and Democracy