

ADDITIONAL RESTRICTIONS GRANTS 2021-22

Meeting	31 March 2021
Report Author	Deputy Chief Executive
Portfolio Holder	Leader
Status	For Decision
Classification:	Unrestricted
Key Decision	No

Executive Summary:

New guidelines have been issued by the Government for the next round of Additional Restrictions Grants (ARGs). This report seeks approval for the operation of these ARGs.

Recommendation(s):

It is recommended that:

1. All existing businesses that have already proven eligibility for an ARG should be included in the new scheme, subject to supplying the further information requirements of the new scheme (see section 3).
2. There will be no appeals mechanism for the new ARG scheme (section 4).
3. Previously-approved businesses will be deemed to be eligible for the new scheme, and the application process for these businesses will be as straightforward as allowed by the BEIS guidance. Other businesses will have to apply for a grant via a new application process (section 5).
4. The Deputy Chief Executive, in consultation with the Cabinet Member for Finance, Administration & Community Wealth Building, agrees the methodology of any residual distribution of old ARG funding, in order to quickly access the new funding (section 6).
5. The same value of grant is paid to a business whether or not it has previously received an ARG (paragraph 7.3).
6. The tiered approach be maintained, with the value of grants (which is still to be set, by the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Administration & Community Wealth Building, depending on funding and anticipated demand) being in proportion to the previous scheme, based on RV (paragraph 7.5).
7. To adopt the process set out in paragraph 7.8. In doing so, it should be noted that there is a risk of overspending, if the volume of eligible businesses proves to be significantly in excess of that predicted.
8. To note that if BEIS guidance revises the new scheme in any significant way that requires another member decision, then this will be the subject of another report.

Corporate Implications

Financial and Value for Money

Funding for the scheme will be from a Government allocation. The allocation is conditional on spending previous ARG funding allocations. The scheme will be launched in anticipation of receiving the funding, on the basis of an assessment that Government approval will be obtained because we will have spent the previous allocation.

There is a risk that the funding could be exceeded, in which case, alternative Covid funding will have to be used. Mitigations will be in place to minimise the likelihood of this, and are explained in the report.

Legal

The measures are necessary, as during the current restrictions, regulations are in force which require all non-essential businesses to close. The restrictions are set out in The Health Protection (Coronavirus, Restrictions) (All Tiers) (England) Regulations 2020. Schedule 3A Part 3 applies: <https://www.legislation.gov.uk/ukxi/2020/1374/schedule/3A>. The requirement for businesses to close is as set out in <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>.

Corporate

There is a wider risk to Thanet businesses of a delay in implementing the scheme, which is being overcome by making payments as quickly as possible. This, in turn, creates a risk of overspending, as outlined in the financial implications and in the report, but there are mitigations in place.

Equality Act 2010 & Public Sector Equality Duty

The application of Government guidelines and the criteria set out in this report, when awarding ARGs, will help ensure fair treatment to all business applicants. There are no anticipated adverse impacts on groups with protected characteristics.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- Growth

1.0 Introduction and Background

1.1 The Government announced in the Budget on 3 March that there would be more funding for local government to make payments to businesses in respect of Restart Grants. It also signalled more funding for a discretionary scheme - an extension of ARGs - and this report focuses on proposals to implement this scheme. New guidance was released on 17 March and updated on 22 March. After a livestream on 25 March, Frequently Asked Questions are pending. The scheme is for one-off payments and applicable in 2021-22.

2.0 The overall scheme

- 2.1 Local authority access to the new funding is conditional on demonstrating, by 30 June 2021, that existing ARG funding has been spent. TDC was allocated £4,099,141. As at 26 March, ARG spending stood at £3,992,352.
- 2.2 BEIS (the relevant Government department) has said it will notify local authorities of their funding allocation in early April. At the same time, it will describe how local authorities can prove that they have spent their ARG allocation, and so access the new allocation. Once we see this, it may be possible to judge that we will be able to provide the proof and access the funding, and so go ahead with our scheme. This carries some risk - we will have launched the scheme before receiving funding. But there could be a delay by BEIS in processing our “proof” and providing the funding. By starting the scheme, we can at least open the applications process and start gathering data.
- 2.3 Therefore it is recommended that:
- We receive notification of the conditional funding allocation.
 - We receive the template document from BEIS that requires completion to prove our previous allocation has been spent.
 - We launch the scheme at that point, on the assumption that the funding for the scheme will be forthcoming.

3.0 Businesses that may benefit from the scheme

- 3.1 The following are the key criteria:
- No business can receive a Restart Grant and an ARG.
 - To qualify, a business does not have to be registered for business rates.
 - It must be trading, not insolvent, not over subsidy allowance (State Aid) limits, and subject to fraud checks.
 - All businesses must go through an application process.
- 3.2 As regards the type of businesses supported, BEIS has stated that:

“Local Authorities are encouraged to support businesses from all sectors that may have been severely impacted by restrictions, but are not eligible for the Restart Grant scheme. This may include, but is not limited to, group travel and tour operators, other tourism businesses (including B&Bs and event industry suppliers), wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), wraparound care providers, and other businesses that may have not received other grant funding. This list is not directive nor exhaustive, and Local Authorities should continue to issue grants at their discretion, based on local economic needs.”

- 3.3 Comparing the above list to the coverage of our previous ARG scheme, all businesses are already included. However, there are some businesses that we supported previously, not named in the above list. This includes a variety of non-essential businesses, not registered for business rates, that could be deemed to be included in the new scheme “based on economic needs”.
- 3.4 It is therefore recommended that all existing businesses that have already proven eligibility for an ARG should be included in the new scheme, subject to supplying the further information requirements of the new scheme.

4.0 Criteria to be used to assess applications

- 4.1 The guidance says:

“In taking decisions on the appropriate level of grant, Local Authorities may want to take into account businesses outside of the business rates system, businesses that have not received any other grant support, the level of fixed costs of the business, the number of employees the business has, whether it is unable to trade online and the consequent scale of coronavirus losses”.

- 4.2 This suggests the information requirements of the new scheme will overlap with the old. There are two key differences. First, the guidance explicitly states that a business does not need to demonstrate it was trading on a certain date before restrictions were introduced. Previously, we used 4 November as the date, because national restrictions came into effect on 5 November. The implication is that a grant application cannot be refused because a business was not trading on a certain date.
- 4.3 The second difference is that we will need to define the “consequent scale of coronavirus losses”. In the previous scheme, we assessed business income before 5 November and after 5 November and deemed a significant loss as 30% or more. Under the new scheme, because there is no lockdown date, it is difficult to establish a metric that can assess the “scale of coronavirus losses”. It is hoped that clarity on this point will be received from BEIS in the next few days, and a scheme will be implemented accordingly.
- 4.4 Thanet’s previous ARG scheme allowed for appeals against the decision on each application. This had some value, but proved to be very labour-intensive. Every appeal had to be assessed again; there had to be a separation of duties, so that a different assessor had to be used from the small pool of the ARG team; appeals arose whilst applications were being processed, which resulted in delays in processing overall; and appeals added several weeks to the life-cycle of an application.
- 4.5 It is therefore recommended that there be no appeals mechanism for the new ARG scheme.

5.0 Information requirements of the new scheme

- 5.1 The guidance stipulates the information required, as follows:
- A. Name of business.
 - B. Business Trading Address including postcode.
 - C. Unique identifier (preferably Company Reference Number (CRN)) if applicable. If not applicable, VAT Registration Number, SelfAssessment/ Partnership Number, National Insurance Number, Unique Taxpayer Reference, Registered Charity Number will also be acceptable).
 - D. High level SIC Code.
 - E. Nature of Business.
 - F. Date business established.
 - G. Number of employees.
 - H. Business rate account number (if applicable).
 - I. Cumulative total of previous funding received under all COVID-19 grants schemes.
- 5.2 We hold most of the above for previously-approved businesses, but some information will need to be obtained. To keep the process as simple as possible for these businesses, we will aim to have a separate process that gathers just the missing data, for the previously-approved businesses.
- 5.3 The main application process will be for businesses that were not previously approved. An application form will be designed and access will be via our website.
- 5.4 It is therefore recommended that previously-approved businesses will be deemed to be eligible for the new scheme, and the application process for these businesses will be as straightforward as allowed by the BEIS guidance. Other businesses will have to apply for a grant via a new application process.

6.0 Availability of funding for ARGs

- 6.1 At the time of writing, the value of Government funding for Thanet's new scheme is not known. There is, however, a stipulation that for each local authority, all previous ARG funding must be spent, before the new funding is approved. We have received £4,099,141 funding. We have spent £3,992,352 to date, with a few outstanding applications/appeals. This sum includes an effective "top-up" of ARG funding to businesses during the tier 3 period of lockdown (2-18 December). During this period, there was a separate "Open" scheme and TDC received £43,244 for this. However, we paid ARGs during the tier 3 period regardless of any separate eligibility criteria for the Open scheme - this ensured continuity of payments to businesses. It is assumed that the value of the top-up - around £244,000, as we paid £287,000 in grants during the period - is eligible as ARG spending. The Open scheme was discretionary, as is the ARG scheme, so there is local flexibility to apply the grants as local need dictates.
- 6.2 Therefore we are very close to spending all of our previous allocation, which should enable us to access the new funding, assuming the BEIS act quickly. If there is some old funding remaining - which is likely to be less than £100,000 and could be quite

small - then a distribution to a group of businesses, possibly via a third party, can be considered. This will depend on the BEIS criteria to demonstrate funding has been spent, which is awaited.

- 6.3 It is therefore recommended that the Deputy Chief Executive, in consultation with the Cabinet Member for Finance, Administration & Community Wealth Building, agrees the methodology of any residual distribution of old ARG funding, in order to quickly access the new funding.

7.0 Value and methodology of ARG payments

- 7.1 The value of ARGs will depend on the value of Government funding. For example, funding of £1million payable to 500 eligible businesses would equate to an average grant of £2000. There are a number of decisions required at this point:

- A. Should there be the same value placed on a grant to a business that has previously demonstrated eligibility (and received a grant), as one that newly demonstrates eligibility?
- B. Should the value of the grant be linked to the Rateable Value (RV) of the property of the business, where it is registered for business rates?
- C. Should the council wait until it knows how many eligible businesses there are, before setting grant values and making payments; or should it estimate the values once its overall funding is known, and make payments as soon as a business demonstrates eligibility?
- D. Should the council allocate some of the new funding to third parties, to spend for the benefit of businesses, rather than use it all for direct grants?

- 7.2 Regarding A, it is relevant that the new ARG scheme accompanies “Restart Grants”, which are intended to support businesses as they come out of lockdown and re-open. In this way, the old ARG scheme can be deemed to be for support during lockdown and the new scheme is distinct and aimed at helping businesses going forward. Also, it would be arbitrary and open to challenge to have a differential value within the same scheme, for two types of business.

- 7.3 It is therefore recommended that the same value of grant is paid to a business whether or not it has previously received an ARG.

- 7.4 Regarding B, the purpose of a tiered approach of the previous ARG scheme was, in mirroring the LRSG scheme, some recognition that larger businesses needed more support. This amounted to all businesses that were either not registered for business rates or had an RV of less than 15000 receiving (broadly, because there were some small variations) £667 for each 14-day period. Businesses with an RV between 15000 and 51000 received £1000 and those with an RV over 51000 received £1500.

- 7.5 It is recommended that this tiered approach be maintained, with the value of grants (which will be set by the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Administration & Community Wealth Building, depending on funding and anticipated demand) being roughly in proportion to the previous scheme, based on RV.

- 7.6 Regarding C, there are two main options. We can wait until all applications have been assessed and calculate the grant due, being £funding allocation / no. of eligible applications. This would ensure the funding received by the council is not exceeded. The main downside to this is that no business will receive anything until all applications have been received and assessed. This could take several months.
- 7.7 The alternative approach is to make payments as and when a business proves eligibility. This will ensure the grants are paid as quickly as possible, but it will be difficult to anticipate the level of demand and so control the total amount paid out - this could lead to an overspend of the funding allocation. If the value of grant payments are fixed at the start, then we will need to be conservative when deciding the values.
- 7.8 A variation on the above is:
- Once Thanet's funding is known, set a conservative amount for the value of grants, at the three tier levels depending on RV.
 - Have a relatively short window for applications, so that we can relatively quickly assess the total spending.
 - If there is a surplus of funding once we know how much we have spent on paying grants to eligible applications, we can decide what to do next. This could be:
 - Make a further pro-rata payment to all eligible businesses to exhaust the funding.
 - Make further payments to a targeted group of businesses, e.g. those that had not received an ARG under the old scheme.
 - Make a payment to a third party (as in 7.1 D).
- 7.9 It is recommended to adopt the process set out in paragraph 7.8. In doing so, it should be noted that there is a risk of overspending, if the volume of eligible businesses proves to be significantly in excess of that predicted. If this were to happen, TDC would honour the scheme and have to find an alternative source of funding. The risk of an overspend is considered to be worthwhile when balanced against the benefit of being able to quickly make grant payments to eligible businesses.

8.0 Timing of the scheme

- 8.1 The main tasks are to set up an application process, receive and assess applications and make payments. Planning has started in the absence of BEIS clarifications and funding, but the scheme cannot be finalised until further Government information is received. Also, the council needs to know how the Government intends for us to prove we have spent our previous ARG allocation; and once we have provided the evidence to support this, how long it takes the Government to confirm and pay us our allocation.
- 8.2 Any timetable is therefore dependent on the above. Once we are assured that Government funding is, or will be paid, then we can open applications within a week, with a 2-3 week window for businesses to apply. It is anticipated that an application

will be assessed within 2-3 weeks (there will be an initial flood of applications at the start) and so payments could begin within six weeks of the council being assured that Government funding is, or will be paid. This is a challenging timetable, especially as the council has no ongoing dedicated staffing resource to carry out the work, but it is vital to move as quickly as possible to make payments to local businesses.

9.0 Options

- 9.1 It could be decided to award grants only after all applications have been assessed. This would delay payments by at least two months. It is judged that this delay would have a significant adverse impact on local businesses, so it is recommended to start paying grants as soon as they are approved.

Contact Officer: Tim Willis, Deputy Chief Executive & S151 Officer
Reporting to: Madeline Homer, Chief Executive

Background Papers

Decision regarding previous ARGs:

<https://democracy.thanet.gov.uk/documents/s71340/Individual%20Cabinet%20Member%20Decision%20-%20supporting%20report%20-%20Covid%20Business%20Grants%20-%20Google%20Docs.pdf>.

Corporate Consultation

Finance: Chris Blundell, Director of Finance

Legal: Estelle Culligan, Director of Law and Democracy