

Report to: **Council**  
Date: **11<sup>th</sup> February 2021**  
Title: **Business Grants**  
Portfolio Area: **Finance / Enterprise – Cllr Hilary Bastone**

Wards Affected: **Which Wards/all**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

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**Recommendations:**

1. To note the Local Restrictions Support Grant (LRSG) (Closed) Addendum & the Closed Business Lockdown Payment (CBLP) Scheme details set out within the report.
2. To note changes made to the operation of the Additional Restrictions Grant (ARG) and LRSG (Open) under the scheme of delegation.
3. To allocate a further £500,000 (20%) under the ARG scheme towards strategic economic recovery projects and priorities.
4. ARG funding not issued by 31<sup>st</sup> December 2021 in the form of direct business grants will be retained in a business support earmarked reserve for sustained economic support activities.
5. To delegate authority to Director for Place and Enterprise in consultation with Leader, Portfolio Holder for Finance and the S151 Officer to approve subsequent grant policies should we move back into local restrictions.

## **1. Executive summary**

- 1.1. The grant application process has been improved to streamline access to the multiple grants currently available. This has reduced processing and grant payment times for the businesses applying.
- 1.2. Recognising the need to maximise support to businesses and a lack of uptake in the November lockdown, we have fundamentally revised the ARG policy to increase eligibility criteria and allow a greater number of businesses to apply. We are supporting businesses with the application process to these grants both internally (often via Councillors) and externally via Business Information Point (BIP).
- 1.3. Recognising that it is difficult to design a grant scheme that works for all business, there is a clear intention within the guidance provided by BEIS that the ARG funding is designed to provide wider 'business support'. There are immediate issues and measures set out in Section 6 that will help to support the sustained recovery of the business sector, funded from the ARG.
- 1.4. Whilst the funding for ARG is until March 2022, it is considered essential to commit to wider business support activities from this point forward, especially given the relatively positive outlook of the COVID vaccination programme.
- 1.5. The report also sets out an update on the various schemes that have been running since going into national restrictions from 5<sup>th</sup> November 2020.

## **2. Background**

- 2.1. Now that we have moved into another period of national restrictions there are further business grant schemes that have been implemented. These are the:
  - Local Restrictions Support Grant (Closed) Addendum scheme (LRSG (C) Addendum) – running from 5 January – until national restrictions end.
  - One off top up closed business lockdown payment of up to £9K
  - Additional restrictions grant (ARG) – to widen out support under our existing discretionary grant scheme to cover further periods of restrictions.
- 2.2. In addition to the above schemes we are still live with a number of other grant schemes that are available to support businesses since the start of national restrictions - 5 November 2020. We then moved into Tier 2 on 2 December and then into Tier 3 on 31 December before national restrictions started on 5 January 2021. Set out under appendix 1 is a timeline of the different schemes, the payments available under these schemes and the current status of these schemes.
- 2.3. With all the different schemes that are now available to businesses it is appreciated how confusing it has become. Also, having moved into Tier 3 for 5 days this has added another layer of complexity because certain sectors that could remain open under Tier 2 had to close

under Tier 3 (hotels, restaurants, pubs, etc). This means that they are no longer eligible under the open scheme but instead can claim under the LRSG (Closed) scheme for that short period. We need to account to government for each scheme separately.

### **3. Local Restrictions Support Grant (Closed) Addendum Scheme**

- 3.1. This mirrors the scheme that was in place for the November lockdown and provides support to businesses that have been mandated to close by government because they provide in-person services. This includes non-essential retail, leisure, personal care, sports facilities and hospitality businesses.
- 3.2. Businesses that have chosen to close but were not required to, will not be eligible for this grant. For example; businesses in the supply chain to the retail, leisure and hospitality sector fall outside this scheme so although clearly impacted they would need to be supported via our discretionary ARG scheme.
- 3.3. Other types of businesses that are excluded are those that are able to conduct their main service because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (eg accountants, solicitors, estate agents, etc). In addition those businesses that have already received support to the maximum of state aid rules, or in administration, insolvent or where a striking off notice has been made will not be eligible.
- 3.4. As the government will not be reviewing the restrictions until middle of February, businesses will be entitled to a payment equivalent to 6 weeks.
- 3.5. The payment levels are linked to rateable values and are shown in the table below but are also included in appendix 1.

Rateable value	Payment amount based on 42 day period
£15K or under	£2,001
Over £15K & below £51K	£3,000
£51K and above	£4,500

- 3.6. Payments do not need to be paid in arrears and we are currently approving payments.
- 3.7. For these first 42 day payments, applications must be submitted by 31 March 2021 as the scheme closes on this date and final payments must be made by 30 April 2021.
- 3.8. Government guidance on this scheme is available here:  
<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

#### 4. Closed business lockdown payment (CBLP) - one off top-up payment

- 4.1. In addition to the LRSg (Closed) Addendum scheme the government are providing a one off top up payment to eligible businesses that have been mandated to close by Government and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses (applicable 5 January onwards). The level of payments are set out below:

Rateable value	Payment amount
£15K or under	£4,000
Over £15K & below £51K	£6,000
£51K and above	£9,000

- 4.2. This is a government mandated scheme and there is no discretion for Members to alter criteria or payments.

#### 5. Additional Restrictions Grant

- 5.1. The previous ARG scheme was approved by the Executive in December 2020, following the receipt of £1,740,080 to administer to businesses that were not eligible for the LRSg Closed scheme, and undertake wider business support measures. The funding was to last until March 2022.
- 5.2. The government has since announced a further top up to the ARG funding allocation, of £772,861, which was announced on the 15th of January. This money is also to last until March 2022.
- 5.3. As of Wednesday 04<sup>th</sup> February, the Council has paid out the following in ARG direct business support grants:

##### South Hams ARG Payments Breakdown

	£	No.
ARG - November	£183,748	188
ARG - January	£40,082	19
ARG Retail Lockdown	£14,000	3
	<b>£237,830</b>	<b>210</b>

- 5.4. Having reviewed the take up of the ARG during the November lockdown, which was low and listened to the feedback from businesses the scheme has been amended so as to make larger payments to eligible businesses, and therefore boost uptake and financial support.
- 5.5. The threshold to access the grant has also been significantly lowered. The previous scheme set the bar at having to evidence a 50% reduction in turnover or profit. The updated scheme has a requirement to evidence a 10% impact in turnover or profit.

- 5.6. The government requires the scheme to have such a mechanism within it, but it is entirely within the Council's gift as to where it is set. It is hoped that this far easier test allows nearly all businesses who are impacted to access grant support.
- 5.7. This same change to the definition of "impact" has been applied to the LRSG (Open) Policy (in Appendix 3) to allow greater access. A slight relaxation to the policy of not paying second home owners from the LRSG (Open) grant has also been made such that now, only those whose main residence is in Devon are eligible.
- 5.8. The previous scheme aligned ARG payments to the rates set out in the LRGS Open scheme of £500, £934, £1400 or £2100, per 28 day period depending on the Rateable Value (RV) of the premises.
- 5.9. The new scheme aligns the payments to the LRSG Closed scheme set out in the table below for a 28 day period:

<b>Non-Business Rated</b>	£1,334
<b>£15,000 exactly or under</b>	£1,334
<b>Over £15,000 but less than £51,000</b>	£2,000
<b>£51,000 exactly or over</b>	£3,000

- 5.10. This recognises that many businesses that are not forced to close and therefore are not eligible for the LRSG Closed payment, face large running costs remaining open, but have minimal trade. They are may not be able to take advantage of furlough schemes, have higher running and stock costs and continue to have premises related payments.
- 5.11. There is also some disquiet amongst food shops that sell "less essential" foodstuffs such as sweets who understandably believed they should close. However, as technically, they are not mandated to close, they may have inadvertently ruled themselves out of the LRSG Closed payments. Aligning the payment thresholds ensures all businesses are treated consistently.
- 5.12. A further group of businesses has emerged as requiring support. Those premises which are mainly non retail, but have a small retail element are not mandated to close and yet face a significant impact as a result of not being able to trade through their retail / customer facing part of the building.
- 5.13. They are not eligible for the CBLP payment, and so are at a significant disadvantage. The ARG scheme has been revised to match the CBLP grant awards for this and subsequent periods where the ARG scheme is live. It is strictly limited to businesses with an element of retail use within their hereditament (premises).
- 5.14. The ARG one off payments for businesses such as these will be:

Rateable value	Payment amount
£15K or under	£4,000
Over £15K & below £51K	£6,000

£51K and above
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£9,000
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- 5.15. It is the Council's aspiration that uptake will be sufficient to issue the entire additional allocation amount of £772k to businesses during this lockdown period.
- 5.16. Previously an approach of dividing up the money into thirds had been agreed. The 1<sup>st</sup> lockdown in November resulted in about 7% of the available money being applied for. Given this, should demand in this lockdown exceed the £772k figure, grants will continue to be made from the money not allocated during the 1st lockdown. Direct grant awards to businesses is our priority.

## **6. ARG Strategic Economic Recovery Projects and Support**

- 6.1. The Council has previously approved £50k of ARG funding to be put towards business support measures (such as BIP, LEAF / LAG etc).
- 6.2. It is proposed to set aside a further £500k from the fund towards strategic economic recovery projects and priorities.
- 6.3. By way of example, these may include:
- 6.3.1. The extension of the COVID support officers beyond their current 6 month term which ends in spring.
  - 6.3.2. Town marketing activities including a programme of vacant shop window dressing (temporary facades that improve the aesthetic, have a local place focus and expedite re-letting).
  - 6.3.3. The ability to support and engage with the LEP Coastal Productivity Plan, as part of wider business support, provided by a business support role within the Council.
  - 6.3.4. Gap funding employment units that would have a tangible benefit to the local economy, for example the marine economy.
- 6.4. The spending of the funding set aside should link to the Recovery Plan, particularly (but not exclusively) section 1; ensuring adequate infrastructure, broadening supply chains, regeneration & commercial and Section 2; Built Environment.
- 6.5. Looking further ahead towards the economy and placemaking ambitions of the Corporate Strategy, multiple business connectivity, tourism and town centre stimulus strands will doubtless emerge and will require funding to stimulate the economy and improve South Hams for all businesses.
- 6.6. For the avoidance of doubt, having undertaken modelling of the ARG revised scheme set out in section 5, it can be said with some confidence that this proposal will not impact the availability of direct grant funding to eligible businesses.
- 6.7. The approach set out is consistent with that taken by other authorities in Devon. East Devon are setting aside £950k representing about a third of their ARG allocation, and Plymouth CC are setting aside C. £750k for business support and strategic economic priorities.

## **7. Outcomes/outputs**

- 7.1. The key outputs of the changes made to the ARG policy are:
- 7.1.1. Consistency and fairness of grant awards across multiple grant schemes
  - 7.1.2. Increased uptake of the ARG scheme
  - 7.1.3. Greater grant payments to businesses recognising the need for those not mandated to close
  - 7.1.4. Reduced threshold for access – 10% impact not 50% impact.
  - 7.1.5. Increased support for businesses with an element of retail within their hereditament that are not mandated to close.
  - 7.1.6. Greater funding to support strategic economic recovery and support projects into the future.

## **8. Options available and consideration of risk**

- 8.1. BEIS had made it clear that there would be no further funding for the ARG and yet further funding has now been made available. It is unknown how long the scheme will need to operate for and there is no clarity of future restrictions. However, following a very low number of applications for the original ARG, action must be taken to boost uptake and support businesses where it is needed.
- 8.2. There is a risk that the demand for ARG support and the funding do not align and the Council will have to stand by the choices it has made in the ARG scheme. Previously this was; an on demand approach to payment and a “soft” cut off initially of 1/3<sup>rd</sup> of the funding. That soft cut off was not reached following the November ARG and the top up funding is also unallocated at the current time. In the unlikely event that the top up funding and 1<sup>st</sup> third be paid out to businesses in direct grant support, then the remaining funds apart from that set aside for wider business support will be made available.
- 8.3. Should this occur, it should be seen as a success, as the Council would have successfully issued over a £1m in ARG grants in line with the guidance and aspirations set out from Government, via BEIS.
- 8.4. Members will be kept informed of the demand and performance of the ARG through the member’s bulletin and other channels including as required, member briefings.

## **9. Proposed Way Forward**

- 9.1. That the Council note and support the recommendations set out in this report, so as to maximise the flow of grant money to businesses in need at this critical time.
- 9.2. Furthermore, that the need for future wider business support in the form of strategic economic projects and priorities will be critical to the South Hams economy and financial provision for those crucial future interventions needs to be made.

## **10. Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		None
Financial implications to include reference to value for money		The funding award of £1,740,080 and subsequent additional allocation of £772,861 is to be spent through the ARG scheme (including wider business support) and no other purpose. It is to support the ARG until March 2022 or until it is spent, whichever is the soonest.
Risk		The policy is being administered in line with the current government advice on fraud. A balance of speed of processing Vs fraud checks and audit has been struck. As set out in the recommendations and report, any funds remaining as at December 31 <sup>st</sup> 2021 will be placed in a business support earmarked reserve.
Comprehensive Impact Assessment Implications		
Supporting Corporate Strategy		Enterprise
Equality and Diversity		None
Safeguarding		N/A
Community Safety, Crime and Disorder		N/A
Health, Safety and Wellbeing		
Other implications		

## **Supporting Information**

### **Appendices:**

Appendix 1 – Summary of Grants timeline

Appendix 2- ARG Policy Version 2

Appendix 3 – LRSG (Open) Version 2

### **Background Papers:**

Executive Report, December 2020





## Appendix 1

### Covid-19 business support grants Dates, trigger points and eligibility periods

