

Subject:	New National Lockdown: Business Grants		
Date of Meeting:	13th November 2020		
Report of:	Acting Chief Finance Officer and Executive Director Economy, Environment & Culture		
Contact Officer:	Name:	Max Woodford	Tel: 01273 291666
	Email:	<u>max.woodford@brighton-hove.gov.uk</u>	
Ward(s) affected:	All		

Note: The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the government guidance on the new grant schemes were only issued on 04/11/2020 and officers have been working to familiarise themselves with these new rules. The urgency of the need to distribute the grants means that a Special meeting of the Policy & Resources Urgency Sub-Committee should not be delayed.

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report sets out the latest advice from government to local authorities about the issuing of coronavirus business support grants, which have been triggered by the new national lockdown that came into place on 5th November 2020. The guidance from government on the grants was only issued on 4th November 2020 with further 'FAQ' advice issued on 9th November 2020.
- 1.2 The report sets out the work being done to quickly issue Local Restrictions Support Grants (LRSGs) to all eligible businesses, as well as seeking to agree a process for determining the eligibility criteria for businesses to receive the discretionary Additional Restrictions Grants (ARGs), seeking to balance the need for ARG grants to be targeted with the need for them to be issued quickly so the money is flowing within the city's economy. The process also needs to be proportionate, given this round of grant funding is expected to involve more grants than the previous discretionary grant programme, but the first round of grants will be for smaller sums of money.

2. RECOMMENDATIONS:

That the Policy & Resources Committee:

- 2.1 Note the steps being taken to issue new Local Restrictions Support Grants, where those grants are specified by government eligibility criteria.
- 2.2 Agrees to delegate authority to the Executive Director Economy, Environment & Culture, in consultation with the Acting Chief Finance Officer, to determine

criteria and agree processes for issuing Additional Restrictions Grants which takes account of the need to issue the grants as quickly as possible while targeting key local sectors that are affected by the new lockdown.

- 2.3 Agrees to delegate authority to the Executive Director Economy, Environment & Culture, in consultation with the Acting Chief Finance Officer, to make grant awards from the Additional Restrictions Grant fund.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 During the first nationwide coronavirus lockdown in the spring and early summer of 2020, the government announced a programme of grants to businesses to help them manage the loss of activity resulting from the lockdown. The business grants scheme provided single payment awards for business eligible for the expanded retail relief and/or small business rate relief. In total, the City Council paid out £68.565m to 5042 businesses. The business grants programme was closed by government at the end of August 2020.
- 3.2 On 2nd May the government announced a 5% uplift in the allocated business grants fund to be used by local authorities as a discretionary fund in support of businesses who fell outside of the original eligibility criteria. Policy & Resources (Recovery) Sub-Committee considered a report at its meeting on 29th May 2020 that recommended a criteria for paying out those grants. Following an intensive process of preparing a bidding scheme, assessing bids and issuing grants throughout June 2020, £3.677m was awarded in discretionary grants to 307 businesses. However, over 600 business applied for grants and were not successful.

The New Local Restrictions Support Grants

- 3.3 In England, the higher Local Covid Alert Levels (Tiers 2 and 3) have brought with them further business support grants. On 31st October 2020, the government announced a new national lockdown effective as of 5th November, and that too has brought a new round of coronavirus business support grants. Guidance on the new grants was issued by government on 4th November.
- 3.4 The guidance states that businesses that were open as usual and providing in-person services to customers from their business premises and then required to close for a consecutive period of no less than 14 days as a result of regulations made 7 under the Public Health (Control of Disease) Act 1984 will be eligible for this funding. Unlike the previous business grants scheme this grant is not based on rate reliefs and businesses with more than one eligible property will receive grant for each property. All types of businesses that are registered rate payers and meet the eligibility criteria, including CICs, social clubs etc can claim the grant.
- 3.5 The expectation is that eligible businesses affected by the lockdown, many of which will be in a weakened position by the first lock down, will be needing any grant funding as quickly as possible. The grants this time are smaller amounts, but are expected to continue if the lockdown continues beyond the initial 2nd December review date.

3.6 The council's Revenues & Benefits Team will identify from existing data which businesses are potentially due to receive a grant based on government criteria, and they will be contacted and invited to apply via an online portal. However, which firms are eligible is not always clear from the records we hold, and so firms which believe they should be eligible to automatically receive a grant will be encouraged, through a communications campaign, to apply, again via the specially designed online portal. This will involve proactive communication with partners such as the Greater Brighton Economic Board, Federation of Small Businesses locally, traders Association, Chamber of Commerce and other groups in the council's business networks, to make sure businesses are successfully reached. Some of these business networks and links were enhanced through communicating the grants scheme as part of the first national lockdown.

Additional Restrictions Grants

3.7 In addition to the grants that are based on fixed government eligibility criteria, the government has also once more included an element of funding for local authorities to use discretion when making grants, known as Additional Restrictions Grants (ARG). The guidance from government on the ARG states:

- Local Authorities can determine how much funding to provide to each business from the ARG funding provided, and exactly which businesses to target.
- Local Authorities are encouraged to develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions. This could include businesses which supply the retail, hospitality, and leisure sectors.
- Businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.

3.8 Brighton & Hove City Council has been awarded funding of £5,817,700 to distribute as ARG grants. Government has made clear that this is a sum of money to cover both this financial year and next (2020/21 and 2021/22) and that no further discretionary business grants are likely to be forthcoming if there are further lockdowns. It is proposed therefore that initially the main purpose of the grants should be to enable businesses to survive by supporting them with their overheads during the immediate lockdown, and so the money needs to be distributed as quickly and efficiently as possible. It is proposed that about 50% of the grant pot is distributed very quickly through an initial round. The grants will support businesses that don't pay business rates and improve fairness by addressing any loopholes in the hastily formed main scheme.

3.9 It is proposed that the remaining 50% of the grant pot is retained and either used in a similar fashion in the event of a future lockdown, or partial lockdown affecting key sectors. If that does not happen then the money can be used more strategically for grants for rebuilding businesses to support economic recovery. The entire pot will be spent before the end of the 2021/22 financial year to ensure that the money is used to boost the local economy and does not have to be given back to government.

- 3.10 The guidance on the grants process had not been issued very long before this meeting, and so it is proposed that authority is delegated to the Executive Director Economy, Environment & Culture, in consultation with the Acting Chief Finance Officer to establish criteria and a process for issuing all grants. The final grant process and a breakdown of the grants awarded will be reported back to Policy & Resources (Recovery) Sub-Committee.
- 3.11 Given the smaller sums initially being paid, and the expected higher numbers of bidders compared to the discretionary grants process in May, there is less scope to use a complicated and detailed application and assessment process. Therefore, the principles for establishing the discretionary grant criteria will be that:
- The discretionary grants will first and foremost pick up those whom the main grant scheme is aimed at, but who are not eligible due to a technicality (e.g. they are not registered as the business rate bill payer, or they are an events or festivals business with high fixed costs but no premises).
 - The funding must target sectors that are affected by the lockdown, either directly or as part of the supply chain. This will be of particular support to businesses that supply retail, leisure, events, personal care, entertainment venues, and indoor attractions businesses which cannot operate or are severely restricted in their ability to operate during the restrictions period. It is unlikely to include sectors that are less affected like construction, technology and financial and professional services.
 - The funding is aimed at firms who were active and trading up until the start of the new lockdown on 5th November 2020.
 - The expected higher volume of applicants and smaller sums available mean that any question asked as part of the application process must be quite simple to both answer and assess. It may be limited to high level metrics such as the number of jobs preserved.
 - As with the previous discretionary grant scheme, it should be made clear that the purpose of the grants is to support businesses keep them operating and contributing to the economy.
 - Receipt of a discretionary grant in June during the first lockdown will not disqualify businesses from applying for one of these grants. The June scheme assisted with the implications of the first lockdown, this scheme is focused on the new lockdown.
- 3.12 To simplify the application and assessment process, the discretionary ARG grants will be applied for through the same online portal as the LRSG grants that are allocated based on set government criteria. This will simplify the messaging to businesses. Businesses will only have a short period in which to apply for the ARG, but LRSG grants will be able to be applied for through the portal for as long as government permits the City Council to distribute the grants to eligible firms. Businesses will answer some basic questions and supply bank details, and if they are eligible within the government criteria for an LRSG grant they will receive one. If not eligible, they will then be considered for an ARG grant. The basic checklist of questions will involve businesses self-certifying, but there will be checks made on random samples.

- 3.13 The timetable for preparing the portal, opening it, receiving bids and assessing them will be extremely tight if the council is to issue grants in November, which should be the target given the fact the money is needed to protect companies. It is hoped that the portal can open during week commencing 16th November.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The alternative option would be to present members with a more targeted discretionary grant regime, such as that which was agreed in May 2020 and implemented in June 2020. However, that scheme was for a smaller pot of funding, made up of larger grant amounts. Therefore, the amount of bids to assess was much lower, and the larger grant amount meant that each recipient needed to be looked at more closely as the impact of each grant decision had the potential to be much higher.
- 4.2 This latest funding programme is more about helping struggling businesses in key sectors to continue to operate, and it is proposed that this is done by getting money out into businesses in those sectors as quickly as possible and to not slow the funding down with excessive administration.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Local business groups will be consulted on the details of the discretionary grants scheme, and will also be encouraged to publicise all coronavirus business support grants to their membership and networks to drive up the take-up of the grants.

6. CONCLUSION

- 6.1 Members are asked to agree the package of measures proposed in this report which will help to mitigate the negative impact of the new Covid 19 lockdown and aid the process of local economic recovery.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The government announced funding in response to the new restrictions that come into force on the 5th November 2020. The funding streams are:
- £1.1 billion of Business Support (Additional Restrictions Grant - ARG) distributed on the basis of £20 per head, to enable councils to support businesses over the new lockdown period. The population of Brighton & Hove is approximately 290,000 and the grant award is £5.817m. Local Authorities can use this at their discretion in financial years 2020/21 and in 2021/22 (for programmes started in 20/21). This grant is expected to be paid to the council around 11 November 2020.
 - The government is also providing funding for Business Grants for closed business (Local Restrictions Support Grant (Closed) - LRSG). The funding will provide for grants worth up to £3,000 per 4 week period to be distributed

to eligible business premises forced to close. Businesses required to close in England due to restrictions will be eligible for the following:

- for properties with a rateable value of £15,000 or under, grants to be £1,334 per four weeks;
- for properties with a rateable value of between £15,000-£51,000 grants to be £2,000 per four weeks;
- for properties with a rateable value of £51,000 or over grants to be £3,000 per four weeks.

7.2 Unlike the previous business grants scheme this grant is not based on rate reliefs and businesses with more than one eligible property will receive grant for each property.

7.3 The government is providing initial funding of £7.367m to the council for distribution based on the above criteria however the council can recover any additional funding if the eligible grants distributed are higher than this. The council will receive both grant allocations in advance on the 11 November 2020.

Finance Officer Consulted: James Hengeveld

Date: 10/11/20

Legal Implications:

7.4 The council will follow government guidance as to how local authorities ensure that they act in compliance with state aid rules. Payments made can be provided under the existing De Minimis rules to any one organisation over a three-year fiscal period, provided doing so does not exceed the €200,000 threshold. Payments made where the De Minimis threshold has been reached should be paid under the Covid-19 Temporary Framework for UK Authorities (threshold £800,000).

Lawyer Consulted:

Alice Rowland

Date: 10/11/20

Equalities Implications:

7.5 The measures set out in this report will safeguard employment, local businesses and the economy. The questions asked in the application process will be simple yes/no questions or have numerical answers, and so should not introduce discrimination or unconscious bias.

Sustainability Implications:

7.6 This report seeks to build local business resilience and a sustainable local economy.

Brexit Implications:

7.7 None

Any Other Significant Implications:

Crime & Disorder Implications:

- 7.5 By adopting the portal as the route to the fund the council will be able to implement the necessary safeguards and evidence for audit and to reduce fraud.

Risk and Opportunity Management Implications:

- 7.6 The proposed process for the allocation of the discretionary fund will reduce risk to the council. By adopting the portal as the route to the fund the council will be able to implement the necessary safeguards and evidence for audit.

Public Health Implications:

- 7.7 None

Corporate / Citywide Implications:

- 7.8 This proposal is in line with the council's Corporate Plan to support the local economy and the Economic Development Strategy which aims to support economic growth.

SUPPORTING DOCUMENTATION

Background Documents

1. [Local Restrictions Support Grants \(LRSG\) and Additional Restrictions Grant \(ARG\): guidance for local authorities](#)

