

Report To: Managing Director

Date of Meeting: 20 November 2020

Report Title: Additional Restrictions Grant (ARG) Scheme Policy

Report By: Peter Grace
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(Chief Finance Officer)

Key Decision: Yes

Classification: Open

Purpose of Report

To agree a Policy for the use and distribution of the Additional Restrictions Grant (ARG) funding (£1,853,220) received from government. This is aimed at assisting businesses with property related costs which have not been eligible for the government's Local Restrictions Support Grant (closed) scheme, as well as potentially supporting other businesses that have been severely impacted by the pandemic. The grant monies received are to cover the period up to 31 March 2022.

Recommendation(s)

- 1. The Council's Managing Director in consultation with the Leader of the Council, the Deputy Leader, and the lead member for Financial Management and Estates approve the Hastings Additional Restrictions Grant Policy on behalf of the Council under Emergency Powers.**
- 2. The Chief Finance Officer is authorised to make technical amendments and adjustments to the scheme in consultation with the lead member for Financial Management and Estates to ensure available funding is distributed, and that it meets the criteria set by the Council and remains in line with Central Government guidance.**

Reasons for Recommendations

1. The Council needs to agree an Additional Restriction Grant scheme (a discretionary grant scheme) as a matter of urgency to support businesses within the Borough.
2. Developing a scheme which has limited levels of funding that can not be exceeded, requires a degree of delegated authority to make technical amendments and adjustments to the scheme if grants are to be awarded quickly and to those which meet the eligibility

criteria.

Introduction

1. This discretionary grant scheme has been developed by the Council in response to an announcement made by the Secretary of State for Business, Energy & Industrial Strategy made on 31st October 2020 which sets out the basic circumstances whereby an additional restriction grant payment may be made by the Council to a business which has to close or are severely affected due to localised or widespread national restrictions being put in place to manage coronavirus and save lives.
2. Whilst the awarding of grants will largely be at the Council's discretion, the Department for Business, Energy & Industrial Strategy (BEIS) has set down criteria which must be met by each business making an application.
3. Initially the grant scheme will apply where local restrictions (LCAL3) are put in place or where a widespread national lockdown is announced.
4. Localised restrictions are legally binding restrictions imposed on specific Local Authority areas or multiple Local Authority areas, where the Secretary of State for Health and Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures.
5. National restrictions are nationally binding widespread restrictions imposed by Parliament under legislation. The current national restrictions are made under the Health Protection (Coronavirus, Restrictions) (England) (No. 4) Regulations 2020.
6. Grants under this scheme will be available for the 2020/21 and 2021/22 financial years only.
7. The government advise that
 - (a) No grant can be paid for any period where the localised or widespread national restrictions were in place prior to 14th October 2020.
 - (b) Where any area enters either a localised restriction (LCAL3) or where a national restriction applies, additional assistance may be given to businesses under the Council's Local Restrictions Support Grants (Closed) Scheme (as amended).

Proposal on Use of Funding

8. It is recognised that this funding will be insufficient to support all businesses that have suffered severe financial impacts as a result of the pandemic.
9. The scheme must be relatively simple to administer and apply for. The levels of grants awarded must be sufficient to make a difference to the businesses that have been severely impacted. The period which the grant funding scheme is required to cover is long and the number of lockdowns that could occur is clearly unknown. If the Council wishes to retain sufficient resources to assist those businesses that are impacted from future lockdowns it needs to identify and ring fence the necessary resources to do so. It will not know what level

of resources to earmark until the applications for the initial scheme are received.

10. The government consider that this grant regime should not assist businesses with their employee costs but be directed towards those businesses which continue to have unavoidable property related costs. The government have introduced employee assistance packages such as the Furlough scheme, Self-Employed Income Support Scheme grant, (SEISS), and Coronavirus Job Retention Scheme assistance (CJRS).
11. As a first priority for this funding it is proposed that a scheme be introduced that seeks to first assist those businesses that are not eligible for the Local Restrictions Support Grant (closed) scheme during the current national lockdown and ring fence a proportion of the funding thereafter (once demand is known) to assist these businesses again though further lockdown periods.
12. It is further proposed that once the current national restriction has ended, and resources are freed up, further schemes will be developed (or the existing scheme expanded) to support the local economy which may, for example, include helping to revitalise the arts and culture sector and provide some grants to businesses that have been severely impacted by the pandemic. It has been suggested by one business organisation that the Council considers developing an e-commerce site for local businesses that would assist during the lockdown periods and in recovery. Further suggestions are for grants to help businesses to diversify. It is proposed that these and other suggestions are more carefully considered once an initial scheme is introduced.
13. A draft scheme has been prepared, working in conjunction with other East Sussex authorities, albeit that each area has its own priorities and differing levels of funding.

Eligibility Criteria and Awards

14. Unlike the previous business support grant schemes, the Council is able, should it so choose, to use this funding for business support activities. However, the Government envisage that this will primarily take the form of discretionary grants.
15. If Local Authorities use the Additional Restriction Grant for direct business support grants, Government has stated that the same conditions of grant must apply as for the Local Restrictions Support Grant (Closed) scheme, and there will be weekly returns to government on its use, and audit assurance programmes to prevent and detect fraudulent applications. Whilst many of the key conditions will still apply the Council has the discretion to determine the amount of funding offered to individual businesses, eligibility criteria and the frequency of payment.
16. Government has stated that the Council may also consider making grant payments to 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. Government has also stated that the Council may also wish to assist businesses which are outside of the rating system and which are effectively forced to close.

Eligibility Criteria

17. For the purposes of this scheme the Council is recommended that the following eligibility criteria must be met in order to receive an Additional Restriction Grant in this initial scheme:

a) Where any business receives any other restriction grant, for example a Local Restriction Support Grant (Closed), no payment will be made from the Additional Restriction Grant; and

b) If the business is required to close and has no Non-Domestic rating assessment and falls within one of the following categories, then an award will be granted. In all cases businesses must have been trading the day prior to the widespread national restrictions or LCAL3 restrictions to be eligible to receive grant support. The categories and criteria proposed are:

Shared Spaces

18. These are defined by the Council as businesses which do not have a separate assessment for Non- Domestic Rating (i.e. those businesses who do not occupy a separate hereditament within the 2017 Rating List) and who, on the effective date were trading and shared the premises with other businesses.
19. Primarily, these businesses will not be assessed individually for Non-Domestic Rating on the basis that the landlord has paramount occupation of the premises.
20. The businesses must be on the list of businesses required to close.

Bed & Breakfast

21. For the purpose of this scheme, these businesses are those that:
 - a) pay council tax (domestic) rather than business rates,
 - b) provide short stay accommodation for no more than six persons at any one time within the past year,
 - c) the property is the sole or main residence of the proprietor and the proprietor resides in the property attending to paying guests during their stay.
22. Please note that the Council does not wish to prioritise rooms and premises available through Airbnb and similar channels and would not consider them for a grant under this scheme.
23. Where the applicant is self-employed and in receipt of a Self-Employed Income Support Scheme grant, (SEISS), they will not be eligible to claim.

Home Based Businesses

24. In this initial scheme only certain types of business that are primarily home based would be eligible for a grant under the scheme. Namely:
 - a) businesses that provide wholly or mainly services to visiting members of the public e.g. hairdressing, beauty treatments
 - b) businesses that find accommodation for foreign students
25. All businesses must provide evidence of trading such as VAT registration, business bank account, details of company etc in support of any application.
26. Where the applicant is self-employed and in receipt of a Self-Employed Income Support Scheme grant (SEISS), they will not be eligible to claim.

Market Traders

27. For the purposes of this scheme, market traders are defined as a business or person who sells goods wholly or mainly to visiting members of the public from a stall, pitch or similar and do not occupy a separate hereditament within the 2017 Rating List.
28. The businesses must be required to close (non-food etc).
29. All market traders must prove to the council that as at the effective date, they had a regular (at least weekly) pitch or stall within the Council's area and they reside in the borough. Where a market trader trades less frequently, the business will not be considered as a priority for a grant.
30. Where the applicant is self-employed and in receipt of a Self-Employed Support Scheme Grant (SEISS), they will not be eligible to claim.

Supply Chain Businesses

31. From the experience of the first lockdown it is known that many businesses supply directly to the Retail, Hospitality and Leisure sector. These may not be forced to close under the latest regulations but are nevertheless severely impacted. Such companies would not be eligible for a grant under the LRSG-Closed grant scheme.
32. It is proposed that where these businesses are severely impacted, with the majority of their customers being in the retail, hospitality or leisure industry (that are required to close), then these supply chain businesses can apply for a grant under this scheme.

How Much Grant

33. Given that the grant is intended to assist with property related costs, different types of business will incur differing levels of unavoidable costs. It is proposed that the following grant award levels will be paid for the current national restrictions. This will be a single payment covering the period 5th November 2020 to 2nd December 2020.

Business Type	Grant (5 th November 2020 to 2 nd December 2020)	
Shared Spaces		£1,334
Market Traders		£800
Bed and Breakfast		£1,334
Homebased business		£800
Supply chain business	For businesses with a Rateable Value of £15k or under	£1,334
	For businesses with a Rateable Value of more than £15k and less than £51k	£2,000
	For businesses with a Rateable Value of more than £51k	£3,000

Excluded businesses - both local and national restrictions

34. The following businesses will not be eligible for an award:
- Businesses in areas outside the scope of the localised restrictions, as defined by Government and not subject to a widespread national restriction;
 - Businesses that have chosen to close but not been required to, will not be eligible;
 - 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; and
 - Businesses that were in administration, are insolvent, or where a striking-off notice has been made at the date of the local restriction or widespread national restriction.

The Effective Date

35. The effective date for eligibility is the date of the widespread national restrictions. Businesses must have been trading on 4 November 2020 to be eligible to receive grant support.

Funding

36. Under the Additional Restrictions Grant Scheme (ARG) provisions, the Council has received a one-off lump sum payment from government amounting to £1,853,220 (£20 per head)
37. Once the Council's area is removed from local restrictions (LCAL3) or widespread national restrictions, no additional funding will be received from Government even if either the local restrictions or widespread national restrictions are imposed.
38. The Council only has a fixed amount of funding available from the government for this scheme and this is expected to cover the period to 31 March 2022. Given the funding pressures that the Council itself is currently facing it is unable to add to this level of

resources.

39. An initial estimate of the grants payable under this scheme for the period 5 November to 2 December is up to £135,000. If there were to be further local restrictions or national restrictions (which some at present suggest is likely) then the Council would, if it wished to assist these businesses again, need to ring fence some of the grant money received – perhaps up to £600,000 of the £1.8m.

Applications and Information

40. The Council's website has been open for applications for the Local Restrictions Support Grant for the last two weeks, and a further application scheme for the ARG scheme can be included early next week (w/c 23 November).
41. The application portal will be open for a period of some 3 weeks – a balance between allowing sufficient time to apply for the scheme and provide necessary supporting documentation along with the necessity to make payments as rapidly as well as being prepared to open up another window should there be a further lockdown period immediately after this one ends. Applications will be considered against the criteria laid down as and when they are received, and business checks will be undertaken by the Revenues team and internal auditors to verify the details supplied.

Delegation

42. It is recommended that the Chief Finance Officer in consultation with the member for Financial Management and Estates be given delegated authority to make technical and other changes to the scheme to stay within the agreed criteria, government guidelines and funding levels.

Review and Appeals

43. It is the intention that the scheme be designed to remove individual judgement calls as far as possible. However, where a business does seek a review or appeal a two-stage process is recommended mirroring the Council's complaint system. The Council's Revenues and Benefits Manager will be responsible for conducting a review in the first instance.
44. All such requests must be made in writing to the Council, within 14 days of the Council's decision, and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal.
45. A second stage would consist of a review by the Council's Chief Finance Officer and either the Lead Councillor for Financial Management and Estates or the Leader of the Council.

46. State Aid

47. Any Discretionary Business Grant is given as state aid under either the de minimus rules or the temporary Framework for State Aid – as published on 19 March 2020. This means businesses receiving support under these provisions can receive up to €200,000 or €800,000 respectively in aid over three years (being the current and previous two years).
48. Any grant awarded is required to comply with the EU law on state aid. This will involve the applicant declaring to the Council if they have received any other de minimis State aid or aid

provided under the EU Commission Covid-19 Temporary Framework.

Other Grant Conditions and Responsibilities of the Grant Recipient

49. The Council has been advised that all grants are taxable. Applicants will need to make their own enquiries to establish any taxable position or liability.

Government Reporting

50. The Council are required to report to the government the level of grants distributed on a weekly basis.

Risk Management - Managing the Risk of Fraud and the Protection of Public Funds

51. Any applicant caught falsifying information to gain grant money or failing to declare entitlement to any specified grants will face prosecution and any funding issued will be recovered from them. The Council will use a number of tools, such as credit reference agencies and the government's Spotlight software.

Economic/Financial Implications

52. The grants are fully funded by the government. It is not yet known whether or to what levels new burdens funding will be forthcoming to cover the costs of developing and operating this scheme.

Local People's views

53. The views of local business organisations and Councillors were sought on the development of the last discretionary grants scheme (June 2020), and the initial ARG scheme generally mirrors the same eligibility criteria.
54. The views of local business organisations and Councillors will be sought wherever possible on any forthcoming packages of support funded from the Additional Restrictions Grant monies.

Organisational Consequences

55. A working group has been set up within the Council to develop the scheme and monitor performance. This has comprised officers from, Revenues and Benefits, Transformation, IT, Regeneration, Communications, Accountancy, and Audit.
56. This is putting additional pressures on resources, at the same time as running the existing Test and Trace payment scheme, the Local Restrictions Support Grant (closed) scheme, and the Council Tax support hardship scheme. The diversion of resources inevitably impacts on other areas of work – with consequent backlogs and increased pressures on staff.
57. The online application form, and details of the supporting evidence required, is being developed by the Energy Development and Delivery Project Manager and is expected to be available on the website in the week commencing 23 November 2020.

Timetable of Next Steps

Action	Key milestone	Due date (provisional)	Responsible
Gain Approval under Emergency Powers		23 november2020	Chief Finance Officer
First Application Window opens	Open Application Window/ Communications/ Emails to those who have made expressions of interest	9am on 24 November 2020	Communications/ IT/ Transformation Team
First Application Window Closes	Application window Closes/	9am on 16 December 2020	Communications/ IT/ Transformation Team
Assessment and Processing of Payments	Assessments of applications	Ongoing to 31 March 2022	Revenues and Benefits Manager/ Chief Finance Officer/ Transformation Team/
Payment of Grants	Payment of Awards	Ongoing to 31 March 2022	Accountancy
Review of Scheme & Development of further proposals	Development of further support packages following review of the take-up of the initial scheme	Ongoing	Chief Finance Officer/ Revenues and Benefits Manager/ Transformation Team/ Communications

Wards Affected

All

Policy Implications

Equalities and Community Cohesiveness **No**

Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues & Climate Change	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	Yes
Anti-Poverty	No
Legal	No

Additional Information

Documents Attached:

- (i) Additional Restrictions Grant Policy

Officer to Contact

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