

Report To: Managing Director

Date of Meeting: 26 May 2021

Report Title: Additional Restrictions Grant (ARG) Scheme Policy (Tranche 3)

Report By: Peter Grace
(Chief Finance Officer)

Key Decision: Yes

Classification: Open

Purpose of Report

To agree a new Policy for the use and distribution of the Additional Restrictions Grant (ARG) funding received from government. This third scheme is aimed at assisting businesses with costs which have not been eligible for the government's Local Restrictions Support Grant (closed) scheme or the government's restart grants , as well as potentially supporting some other businesses that have been severely impacted by the pandemic. The grant monies received are to cover the period up to 30 June 2021.

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 Scheme Policy -Tranche 3 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

- The Council needs to agree a further Additional Restriction Grant scheme (a discretionary grant scheme) as a matter of urgency to further support businesses within the Borough if the opportunity for further funding is not to be missed.
- 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 further discretionary grant scheme has been developed by the Council in response to an original announcement made by the Secretary of State for Business, Energy & Industrial Strategy 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 applied where local restrictions (LCAL3) were put in place. It also applies where a widespread national lockdown is announced which happened again from 19 December 2020.
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 further scheme will be available until 30 June 2021.

Proposal on Use of Funding

7. 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.
8. 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 and need to recover. The period which the grant funding scheme is required to cover is potentially long and a number of uncertainties remain.
9. This policy is being designed as there are still funds available for distribution which allows for another scheme to help businesses reopen as the restrictions ease. This scheme will, in part, assist non business rated premises and is similar to the Restart Grant which is already available for those businesses that have a Rateable Value (RV).
10. This scheme will offer much needed support to rated business premises that have received no help through the statutory grant schemes, including the Restart grant, since the November lockdown.
11. This further 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 on

31 October 2020 which sets out the basic circumstances whereby an additional restriction grant may be made, and a further announcement on 3 March 2021, which introduced additional grant support for non-essential retail, hospitality, accommodation, leisure, personal care and gym businesses in England.

Eligibility Criteria and Awards

12. Unlike the previous business support grant schemes, the Council is able, should it so choose, to use this funding for other business support activities. However, the Government envisage that this will primarily take the form of discretionary grants. Should the Council distribute all funding by 30 June, additional funding will be forthcoming which the Council can then use on further support measures for business.
13. 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.
14. 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.
15. **The ARG Policy – Tranche 3**

The draft policy (attached) includes assistance to Businesses that have not qualified for the statutory schemes since the November lockdown commenced and not received a statutory Restart grant, and;

- Supply goods and services to the leisure, retail, hospitality, events and tourism sectors or are in these sectors or;
 - Did not have to close but have been seriously affected by the pandemic (e.g. manufacturing businesses, nurseries, convenience stores, garages offering car repair services).
 - Business rated properties, businesses in shared spaces and other Non-rated Premises, and home based businesses.
16. The grants range from £4,000 to £18,000 per property.

Excluded businesses - both local and national restrictions

17. The following businesses will **not** be eligible for an award:
 - a) Businesses in areas outside the scope of the localised restrictions, as defined by Government and not subject to a widespread national restriction, save for those

detailed in this scheme;

- b) Businesses that have chosen to close but not been required to, will **not** be eligible;
- c) Businesses which have already received grant payments that equal the maximum levels of Subsidy Allowance as described in paragraph 7 of the policy.
- d) 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.
- e) Businesses that have received a previous grant award they were not entitled to receive and have not repaid it or where recovery action or prosecution action is being contemplated or undertaken.
- f) Businesses based wholly or mainly outside the Borough, or where not business rated the individual is not a permanent resident of Hastings Borough Council.

The Effective Date

- 18. The effective date for eligibility is the date of the widespread national restrictions. Businesses must have been trading on 1 April 2021 to be eligible to receive grant support.

Funding

- 19. The Council received further funding from government in January 2021 and the total funding now amounts to £2,676,332, of which an element has been paid out in respect of the period 5 November to 2 December 2020 (ARG Tranche 1) and payments in respect of the current scheme, ARG Tranche 2, which will continue to be made until 30 June 2021 (or until funds are fully committed).
- 20. Once the Council's area is removed from local restrictions (LCAL3) or widespread national restrictions, it had been announced that there would be no additional funding to be received from government even if either the local restrictions or widespread national restrictions are imposed. This is no longer the case and additional funding will be forthcoming provided all existing funds are distributed before 30 June 2021.
- 21. Therefore, for this third round of the ARG scheme, all remaining funding (currently around £1.5m) will be made available on a first come first served basis.
- 22. The level of uptake and estimate of the grants payable under this third round scheme are not known and hence it is a first come first served scheme. Those who have already been successful for the ARG – Tranche 2 will not need to apply again but will be automatically considered. Not all will be eligible as some will have received the statutory Restart grant from government.

Applications and Information

- 23. The Council's website can be updated to allow applications for the ARG 3 scheme.
- 24. The application portal will be opened as soon as possible and HBC will make the payments as rapidly as possible. 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

25. 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

26. The Council will operate an internal review process and will accept an applicant's request for a review of its decision.
27. 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.
28. The application will be reconsidered by a senior officer, as soon as practicable, and the applicant informed in writing or by email of the decision.

Subsidy Allowance (formerly EU State Aid)

29. The new domestic subsidy allowance for the COVID-19 business support grants took effect on 4 March 2021. Applications made prior to that date are subject to the previous rules.
30. This scheme is covered by three subsidy allowances which are set out below.
 - a) Small Amounts of Financial Assistance Allowance means you are allowed up to £335,000 (subject to exchange rates) over any period of three years COVID-19 Business Grant Allowance.
 - b) You are then allowed up to £1,600,000 COVID-19 Business Grant Special Allowance if you have reached your limits under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance.
 - c) You may be able to access a further allowance of funding under these scheme rules of up to £9,000,000. Under certain conditions, grants under these three allowances can be combined for a potential total allowance of up to £10,935,000 (subject to exchange rates).

Other Grant Conditions and Responsibilities of the Grant Recipient

31. 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

32. The Council are required to report to the government the level of grants distributed on a weekly basis. Details of companies applying, and payments made will be shared with the

responsible government departments and HMRC.

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

33. 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

34. The grants are fully funded by the government.

Local People's views

35. The views of local business organisations and Councillors were sought on the development of the first discretionary grant scheme (June 2020), and the initial ARG scheme generally mirrored the same eligibility criteria.
36. The views of local business organisations and Councillors will be sought wherever possible.

Organisational Consequences

37. 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.
38. This is putting additional pressures on resources, at the same time as running the existing grant and hardship schemes and providing reconciliation and assurance returns to government and HMRC etc. The diversion of resources inevitably impacts on other areas of work – with consequent backlogs and increased pressures on staff.
39. 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 next few days.

Timetable of Next Steps

Action	Key milestone	Due date (provisional)	Responsible
Gain Approval under Emergency Powers		w/c 24/5/2021	Chief Finance Officer
Application Window opens	Open Application Window/ Communications/ Emails to those who have made expressions of interest	w/c24/5//21	Communications/ IT/ Transformation Team
Assessment and Processing of Payments	Assessments of applications	Ongoing to 30 June 2021	Revenues and Benefits Manager/ Chief Finance Officer/ Transformation Team/

Payment of Grants	Payment of Awards	Ongoing to 30 June 2021	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 – Tranche 3
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Officer to Contact

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