

Record of Executive Member Decision Taken Under the Scheme of Delegation	On
	07.04.2021

Title	Report of
COVID19 Additional Restrictions Grant Changes to Scheme	Leader of the Council and Cabinet Member (Strategy and Reform)

Is this report confidential?	No
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Purpose of the Report

1. To seek approval for changes to the Additional Restrictions Grant (ARG) and payments to eligible businesses.

Recommendations

2. That the Chief Executive and S151 officer of South Ribble Council be given delegated authority to approve payment of the Additional Restriction Grants (ARG) in line with Government guidance and the updated criteria in this decision.

Reasons for recommendations

3. The scheme is in accordance with government requirements to administer grants to business affected by COVID19. In order to ensure as many businesses are supported it is necessary to adjust the local criteria.

Other options considered and rejected

4. The various options available have been discussed with the Business Support Member Working Group.

Corporate outcomes

5. The report relates to the following corporate priorities:

An exemplary council		Thriving communities	✓
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A fair local economy that works for everyone	✓	Good homes, green spaces, healthy places	
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Background to the report

6. There are currently 4 different types of grant available to support businesses during the pandemic. These are
 - Local Restrictions Support Grant (Closed) for businesses instructed to close under local and National restrictions introduced since November 2020
 - Local Restrictions Support Grant (Open) for hospitality, leisure and accommodation businesses, which were allowed to open under Tier 2 and 3 restrictions in 2020, but suffered severe losses due to the restrictions
 - Additional Restrictions Grants to support businesses impacted by Tier 3 or above restrictions, which were introduced from October 2020
 - Restart grants, starting from 1st April 2021, for non-essential retail, hospitality, leisure, accommodation, personal care, gym businesses
7. In addition to the 4 grant schemes above, the Council aims to deliver a local grant programme up to March 2022 to reduce the potential for business failure and closure and to support jobs. The South Ribble Business Support Programme will assist impacted businesses beyond the end of the Government grants until the local economy recovers. A business survey and grant gap analysis through Quarter 1 of 2021/22 will inform the delivery of the programme. A budget of £150,000 has been approved for this programme.
8. The eligibility criteria for the Local Restrictions Support Grants (Closed), Local Restrictions Support Grants (Open) and the Restart Grants are determined by Government and funding is allocated for set qualifying periods.
9. Government has provided broad guidance regarding the Additional Restrictions Grants (ARG) scheme grants in terms of data collection and eligibility but has indicated that Local Authorities can decide on the actual details of the grants based on their individual economies and the specific needs of their business community.
10. The Local Authority has discretion to determine the amount of grant to individual businesses and the frequency of payment. The grant payments will be made to eligible businesses, and will be administered by the Local Authority
11. In deciding the level of grant, Local Authorities have been advised to consider the level of fixed costs faced by the business, the number of employees, whether they are unable to trade on-line and the scale of coronavirus related financial losses.
12. For ARG, the cost of the grants will be funded from a lump sum grant payment from Government to cover the cost of providing grant payments to eligible businesses. An initial allocation was awarded in October 2020 and a further top-up payment has been received in 2021 making a total funding allocation of **£3,199,896.**

13. The ARG funding is to cover expenditure until 31st March 2022. The funding stream is a 'one-off', lump-sum payment so the Council will need to ensure that it has enough funds to meet its objectives and obligations during this and any future period of restrictions. The grants are subject to data reporting to Government through weekly DELTA returns and to anti-fraud and post-assurance audits.

14. The council is administering and managing the grants essentially on behalf of government and is responsible for the administration and payment of the grant monies. The additional costs involved in the administration of this scheme is also intended to be reimbursed by the government through new burdens funding, allocations have not been provided by Government.

15. PROPOSALS

16. The South Ribble ARG scheme was approved and launched in December 2020 to assist businesses that were impacted by the Covid restrictions and were unable to access support through the Local Restrictions Support Grants.

17. Three rounds of ARG applications have been held to identify businesses in need of support, with the current round closing on 31st March 2021.

18. Since the South Ribble ARG scheme was launched, there have been significant changes in Covid restrictions (a National lockdown started on January 5th), in the Government Covid business support grant schemes (new Restart grants will be launched from 1st April) and in the ARG funding allocations (additional lump sum ARG funding has been received).

19. The results of these changes are:

- Businesses are likely to be impacted to a greater degree during the National lockdown from January to March 2021 than during the October to December 2020 assessment period for losses under the ARG scheme;
- Additional businesses may need support now, which did not need support during October – December 2020;
- From 1st April, there may be different business types needing to access support under ARG because they will not be eligible for the new Restart grants; and
- There is now a higher amount of ARG funding available for South Ribble.

20. Government has issued updated guidance in March 2021 for the ARG schemes. The new guidance specifies that additional information must be collected and reported (such as the exact number of employees and if the business is able to trade online), it requires the ARG scheme to consider all fixed business costs, it amends the definition of an active business and it requires that ARG schemes are not wage replacement or a salary supplement.

21. It is necessary to update the South Ribble ARG scheme to comply with the updated Government guidance, to reflect the current impact of Covid

restrictions on businesses and to operate the ARG scheme alongside the new Restart scheme. The existing ARG scheme and the updated criteria are as follows.

22. ARG Scheme 1

23. The ARG scheme is for businesses that have been severely impacted by Covid-19 restrictions but have been excluded from the LRSG (Closed), LRSG (Closed Addendum) and LRSG (Open) schemes. Under the ARG grant, a business may be eligible if it fulfils the below criteria:

- Business must have been open and trading as usual on the day before 17th October (when South Ribble was placed in Tier 3 restrictions).
- Business must be based in South Ribble
- People in receipt of Self-Employed Income Support payments without any fixed business costs are excluded (because ARG cannot be used to cover wage costs)
- Payments must be made to the business not personal accounts
- Businesses in liquidation, dissolved, or subject to a striking-off notice are not eligible
- Business must not qualify for LRSG Open or LRSG Closed or LRSG Closed Addendum, this includes:
 - a. non-ratepayers e.g. market traders or in shared space
 - b. small, independent retail businesses that are allowed to remain open but are severely impacted by restrictions
 - c. other businesses not mandated to close but severely impacted e.g. supply chain businesses
- Business must be able to demonstrate a severe loss of income during the qualifying period (October to December 2020). An indicative figure of 40% loss of income during this period is being considered as 'severe' but will be reviewed, in agreement with the Section 151 Officer and Chief Executive.
- Payment amounts are based on if the business was mandated to close under restrictions or able to trade partially / online. ARG payment amounts are intended to mirror the grants available through the Local Restrictions Support Grants (LRSG) (Open and Closed). The initial ARG payment award period was set at 17th October 2020 – 15th February 2021, in line with LRSG payment periods.
- ARG grant payments are:
 - a. No fixed property costs (home based) = £890 (closed)/ £623 (partial) per 28 days
 - b. Fixed property costs (rent and rates only) (for premises within South Ribble) pcm = £0-£1,500 £1,334 (closed)/ £934 (partial) per 28 days
 - c. Fixed property costs (rent and rates only) (for premises within South Ribble) pcm = £1,501 - £3,000 £2,000 (closed)/ £1,400 (partial) per 28 days
 - d. Fixed property costs (rent and rates only) (for premises within South Ribble) pcm = £3,001 or over £3,000 (closed)/ £2,100 (partial) per 28 days

24. ARG Scheme 2.

25. Following discussion with the Business Support Member Working Group proposed changes to the ARG scheme are:

- 'Business must have been open and trading as usual on the day before 17th October' amended to 'business must be trading and engaged in business activity'
- Clarify that ARG cannot be used as income support or to pay wages, therefore ARG payments can only be made to home based businesses that can prove they have ongoing business costs
- Revise the 'severe' loss of income threshold to 10%
- Add an additional pro-rata payment period for ARG covering 16th February – 12th April for all approved ARG applications
- Add a further pro-rata payment to approved ARG applications from businesses in sectors impacted by continued restrictions from 12th April – 17th May for sectors not allowed to reopen fully
- Invite all eligible applications, which did not meet the 10% loss of income threshold between October and December 2020 to submit new evidence for January to March 2021 to assess if they can demonstrate the loss due to the extended National lockdown
- An additional payment category will be added for new businesses (established less than 12 months), which are unable to demonstrate income loss but can demonstrate ongoing business costs and a lack of business income. This will be equivalent to the home-based payment.
- From 1st April, 'Business must not qualify for LRSG Open or LRSG Closed or LRSG Closed Addendum' to be amended to 'Business must not qualify for LRSG Open or LRSG Closed or LRSG Closed Addendum or the Restart Grant'.
- A revised application form will be launched for ARG after 1st April to collect the additional data required by Government for all applicants and the enable the required anti-fraud checks to be carried out.
- ARG payment thresholds will be adjusted so that they are based on all fixed business costs in line with the guidance
- The ARG scheme will be updated as required to take account of any further changes to the Covid restrictions and grant guidance.

26. The process for administering these grants has been developed, scrutinised and approved by Finance and Internal Audit.

27. An online application form must be completed by the applicant and required evidence supplied. Eligibility and anti-fraud checks are completed, payment amounts are confirmed and then processed through the creditor system.

28. For any additional payments to approved applications, the applicant is required to complete a self-certification to state they remain eligible for the grant scheme during the qualifying period.

29. The process is consistent with the process for the other Covid-19 grants we have previously administered.

30. Any businesses caught falsifying records to gain additional grant money will face prosecution and will be required to pay the grant monies back.

Risk

31. The ARG process has been thoroughly tested through a process note and ensuring criteria and checks are carried out on each application. This has been developed and assessed by Internal Audit. Risks have therefore been minimised.

Equality and diversity

32. The grant is open to all eligible businesses.

Comments of the Statutory Finance Officer

33. Through the approval of this urgent decision the council will begin making payments to those businesses that meet the eligibility criteria.
34. The Government have confirmed the one-off allocation for these grants. This equates to £3.2m (ARG) and £227k (LRSGO).
35. The Government have announced that further ARG grant will be available if Authorities spend (or make a validated attempt to spend) their initial allocations by 30th June 2021. Allocations have not yet been announced, and further guidance is awaited e.g. definition of a validated attempt to spend.
36. These proposals will assist the Council in allocating ARG payments and supporting local businesses. In the event that funds still remain after applications have been processed, further measures will be developed to distribute remaining funds by 30th June 2021.

Comments of the Monitoring Officer

37. The payments proposed are in accordance with a Government scheme which is funded through Central Government grants and administered by the Council. Clearly as a responsible public authority we must act with speed to assist those affected businesses covered by the scheme. It is also important of course that we have procedures in place to avoid fraud and/or abuse. Internal Audit have advised in this regard.

Background documents


Government Guidance on COVID Business Grants

Appendices

None

Report Author:	Email:	Telephone:	Date:
Jennifer Clough	jennifer.clough@southribble.gov.uk	01772 625567	6 th April 2021

Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained within this report in accordance with my delegated power to make executive decisions.

Signed:	
	<i>Leader of the Council and Cabinet Member (Strategy and Reform)</i>
Date:	7 April 2021
Publication Date (DSO use only):	7 April 2021

This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.