

Report of	Meeting	Date
Director (Customer and Digital) (Introduced by the Executive Member (Resources))	Executive Member Decision	21 October 2020

## COVID 19 LOCAL RESTRICTIONS SUPPORT GRANT SCHEME

### PURPOSE OF REPORT

- To seek approval for the payment of the Local Restrictions Support Grants (LRSG) in line with Government guidance and the council's own policy and procedure.

### RECOMMENDATION(S)

- The Executive Member for Resources approves:
  - payment of the mandatory Local Restrictions Support Grants in line with government guidance
  - payment of the discretionary grant as outlined at Appendix 1.
  - the process for administering the discretionary payment scheme in line with the government guidance and the council's own procedure as outlined in the Councils Local Restrictions Support Grant Process.
  - that delegated authority is given to the Director of Customer & Digital, S151 Officer and Chief Executive to amend the process subject to any further announcements from Government. This will allow the council to respond to any changes as quickly as possible whilst ensuring compliance with Government and Council regulations.

### EXECUTIVE SUMMARY OF REPORT

- The Government have introduced financial support for businesses required to close during local and national restrictions.
- The funding is provided by the Government and the administration of the scheme is to be carried out by local authorities. A process and a user guide have been drawn up in line with government guidance and the council's current processes.
- There is both a mandatory scheme with eligibility criteria laid out by the Government and a discretionary scheme with some mandatory criteria and general principles.
- Grant funding will be provided of up to £1,500 for each two-week period for which a business is legally required to close.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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<b>Key Decision?</b> Please bold as appropriate	Yes	<b>No</b>
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## REASONS FOR RECOMMENDATION(S)

7. The Council are obliged to implement the mandatory scheme as directed by central government. The proposed criteria for the discretionary scheme are outlined at Appendix 1.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. Alternative payment options were considered and discounted.

## CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	X
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

## BACKGROUND

10. On 9 September 2020, the Government announced further funding to support businesses that are required to close due to lockdown restrictions.
11. The support is only available for businesses required to close because of formal publication of lockdown guidance that resulted in a first full day of closure on or after 9 September.
12. The council is administering and managing the scheme on behalf of government and is responsible for the administration and making payments.

## MANDATORY SCHEME ELIGIBILITY

13. The government have set out mandatory eligibility criteria for the Scheme.
14. 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 two weeks under the regulations.
15. Business closures must have been caused by local or national restrictions on or after 9 September.
16. Eligible businesses will receive a grant of up to £1,500 for each eligible hereditament and for each two-week period that restrictions are imposed.
17. Businesses occupying hereditaments in the rating list on the commencement day of the lockdown will receive payment per qualifying lockdown period (two weeks) as follows:

Rateable value	Grant award per 2-week period
£15,000 or under	£667
£15,000 to less than £51,000	£1,000
£51,000 and above	£1,500

18. The ratepayer according to the council's records on the day of the lockdown will receive the payment.
19. There will be no right of appeal against the council's decision.

### **EXCLUSIONS TO LRSG**

20. The following business rate payers are excluded. Businesses:
  - i. in local lockdown implemented for less than two weeks.
  - ii. closed for less than two weeks
  - iii. able to continue to trade because they do not depend on providing direct in-person services
  - iv. in areas outside of the scope of the localised restrictions
  - v. that have chosen to close but have not been required to
  - vi. in administration, insolvent or where a striking-off notice has been made at the date of the local lockdown
  - vii. still subject to national closures
  - viii. already received grant payments that equal the maximum of State Aid

### **DISCRETIONARY SCHEME ELIGIBILITY**

21. Government guidance sets out some basic requirements which the discretionary fund should incorporate.
  - i. business closures must have been caused by local or national restrictions on or after 9 September
  - ii. eligible businesses are entitled to receive one grant per business (not per premises) in each 2-week qualifying period
  - iii. payments can be any amount up to and including £1,500
22. The discretionary scheme is to support businesses which are closed but may not be in the business rates system. This may include businesses that are not required to close but are severely impacted i.e. through the supply chain.
23. Local authorities have the discretion to make grant payments to businesses based on local circumstances.
24. Local authorities may also consider the level of fixed costs faced, the number of employees, scale of losses and so on.
25. Businesses must have been 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 two weeks under the regulations.
26. Local authorities have the discretion to pay grants to the same businesses or to different eligible businesses in subsequent qualifying periods.
27. While the support that has been provided by the existing schemes has been valuable to those that have received the funding, many other businesses have also suffered significant impact. However, the amount of funding available for the discretionary element, will not enable the Council to support all the businesses that have fallen through the net.
28. It is proposed that the discretionary scheme closely mirrors the mandatory scheme.

29. Eligible businesses will:
- i. Not occupy an individually rated property but may sub-let or be in a shared space although are not the liable ratepayer
  - ii. Have been legally required to close under lockdown measures on or after 9 September
  - iii. Be in occupation of commercial premises with a nominal rate payable on the commencement date of the lockdown
30. Commercial rent or mortgage will be used as a proxy for Rateable Value and a nominal rates payable figure will be calculated using the standard 0.512 NNDR multiplier. The grant payable will be based on a percentage of the nominal rates payable as below.

Nominal rates payable	Grant award per 2 week period closed
£15,000 or under	£667
£15,000 to less than £51,000	£1,000
£51,000 and above	£1,500
Example: Business has an annual rent of £15,000 x 0.512 = £7,680 Assumed rates payable is therefore £7,680	£1,500

31. There are several benefits and risks as detailed below:

Benefits	Risks
Recognisable formula for determining grants	Yet to receive confirmation from government on discretionary fund available however this will likely be a finite pot. It is therefore possible, depending on the number of eligible applications we receive, that we cannot support all eligible businesses
Level of grant received in proportion to rates payable based on methodology, ensuring equal and fair	Unable to determine number of eligible applications we will receive
All applicants to benefit, subject to businesses meeting criteria	Only after the deadline of the application process and confirmation of budget, will we be able to determine if we can support all businesses under the proposed grant allocation awards
	It is difficult to enforce a closing date for applications given applicants can apply for each qualifying 2-week period of lockdown

## FUNDING

32. The Government will reimburse Local authorities that pay grants to eligible businesses. There are two elements to the funding:
- i. Funding to meet the cost of payments to businesses within the business rates system based on an assessment of the number of eligible hereditaments.
  - ii. An additional 5% discretionary grant funding to support businesses which are closed but not in the business rates system and businesses not required to close but will be severely impacted
33. Both the mandatory and discretionary schemes will be capped at the level of funding received from central government.
34. There will also be New Burdens funding provided to local authorities.

## PROCESSING OF APPLICATIONS

35. The processing of applications will follow the principles of the previous Discretionary Business Grants as the schemes are similar in that they apply to both businesses with a business rates hereditament and those without.
36. This is an established procedure and has worked well previously.
37. Applications will be made online.

## FRAUD, RISK AND ERROR

38. Any businesses caught falsifying records to gain additional grant money will face prosecution and will be required to pay the grant monies back.
39. A clear declaration will be added to the online form to gain agreement to this condition and also to accommodate the situation where the council may make a grant payment in error.
40. To combat fraudulent claims the process will include the creation of a unique verification code which provides a validation of the business rates account number.
41. Further guidance is expected to support the development of post-event assurance action plans.

## OTHER CONSIDERATIONS

42. This report is based on the government guidance as issued in September 2020 and further revisions are to be expected.

## IMPLICATIONS OF REPORT

43. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment	

		required?	
No significant implications in this area		Policy and Communications	

#### COMMENTS OF THE STATUTORY FINANCE OFFICER

44. The proposals outlined in the report are aligned with Government policy including the discretionary element of the support. The council has not received its funding allocations and therefore cannot comment further on the total amounts payable to businesses. However, the report does provide an option for discretionary payments that ensures it will not over commit on whatever funding it is allocated

#### COMMENTS OF THE MONITORING OFFICER

45. The proposed scheme discretionary is in accordance with the requirements of the legislation and fulfils objectives of supporting those in need.

ASIM KHAN  
DIRECTOR OF CUSTOMER AND DIGITAL

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Asim Khan	5448	21 October 2020	***

Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraph 3 of the report in accordance with my delegated power to make executive decisions.



Dated 19.10.20

**Councillor Peter Wilson**  
**Executive Member Resources**