

# LEADER

26 MARCH 2021

## REPORT OF CHIEF EXECUTIVE

### **A.1 DISCRETIONARY BUSINESS GRANT SCHEMES AND LOCAL COUNCIL TAX SUPPORT PAYMENTS**

(Report prepared by Richard Barrett)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To set out proposals for the following three business grant / financial support schemes where local discretion is allowed:

- 1) Local Restrictions Support Grant (OPEN) Business Grant Scheme 2020/21
- 2) Additional Restrictions Business Grant Scheme 2020/21 and 2021/22
- 3) Local Council Tax Support Payment Scheme 2020/21

##### **EXECUTIVE SUMMARY**

- It has been timely to review two business grant schemes and one financial support scheme associated with the COVID 19 pandemic, as deadlines will be reached on 31 March 2021 and some funding may have to be repaid to the Government if not spent.
- It is therefore proposed to amend two schemes in response to the upcoming deadline of 31 March along with changes to a further scheme to enable financial support to continue to be paid to local businesses who have been severely impacted by the COVID 19 Pandemic.
- The proposed changes are set out further on this report but are based on the underlying principle of maximising the use of associated Government funding, with a summary as follows:
  - **Additional Restrictions Business Grant Scheme** – to extend the application deadline from 31 March 2021 to 31 May 2021 and move from grants based on ‘daily’ amounts to one-off grants, which would be consistent with other Government grants schemes from 1 April 2021.
  - **Local Restrictions Support Grant (OPEN) Scheme** – to pay ‘top-up’ amounts covering the period from 2 December 2020 to 25 December 2020 to those business who have been eligible for earlier support under this scheme.
  - **Local Council Tax Payment Support Scheme** – to pay ‘top-up’ amounts covering the period from 1 April 2020 to 31 March 2021 to those households who have been eligible for earlier support under this scheme.

##### **RECOMMENDATION(S)**

**That the Leader approves:**

- a) **The Additional Restrictions Grant Policy attached;**

- b) the proposals relating to the LRS (OPEN) business grant scheme and Local Council Tax Support Payment Scheme set out in this report along with a delegation to the Assistant Director Finance & IT to determine the final grant / payment amounts with the overall cost of the schemes not exceeding the associated funding made available by the Government; and
- c) a delegation to the Assistant Director Finance & IT to implement and administer the scheme and amend the three schemes set out above to reflect any emerging Government guidance as necessary.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The effective delivery of the various grant / financial support schemes cuts across many of the Council's priorities set out in the Corporate plan with the primary one relating to a growing and inclusive economy and supporting existing businesses.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

Detailed financial information is set out within the main body of this report.

The proposals set out are based on ensuring that the cost of the financial support / grant schemes do not exceed the associated funding made available by the Government.

#### Risk

Risks in administering the scheme have been set out in the policy and include complaints / appeals and the risk of fraud and/or error.

### LEGAL

Section 1 of the Localism Act 2011, known as the 'General Power of Competence' provides all local authorities with the power to make these payments and is expressly referred to in the grant determination / guidance issued by the Government.

### OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no direct implications with the design of the scheme providing the opportunity to access financial support to various businesses / organisations across the district.

## PART 3 – SUPPORTING INFORMATION

### PROPOSED GRANT / FINANCIAL SUPPORT SCHEMES

Throughout the various phases of local tiered and national restrictions, the Government have implemented a number of business grant schemes, two of which have allowed varying degrees of local discretion.

In addition to the above, the Government have also provided local authorities with funding to support households in receipt of financial assistance under the Local Council Tax Support scheme.

This report sets out proposed changes to all of the three schemes highlighted above to ensure that the money provided by the Government is fully utilised before the associated spending deadlines are reached.

### **1) Local Restrictions Support Grant (OPEN) - LRSG (OPEN)**

This scheme is aimed at businesses who were allowed to remain open but were severely impacted by the Tier 2 local restrictions between 2 December 2020 and 25 December 2020.

The current phase of this scheme, which was agreed in January, prioritised a number of sectors that took into account feedback from local businesses. The sectors prioritised were hospitality, hotels, B&B, Leisure, the events sector, the taxi and travel sector, along with suppliers to all of those sectors.

Grant payments are currently based on those set out by the Government and are as follows:

<b>Rateable Value or Size of the Business</b>	<b>Daily Amount Payable</b>
Business with RV £15k or under (or Micro Sized business if not operating from a rateable property)	£33.36
Business with RV £15k or over but less than £51k (or Small Sized Business if not operating from a rateable property)	£50.00
Business with RV £51k or over (or Medium Sized Business if not operating from a rateable property)	£75.00

Although the scheme came to an end on 26 December when Tier 4 / National restrictions came into force, applications can still be made up to the 31 March 2021, which is the deadline set by the Government.

With the above in mind, it is timely to review the latest position in terms of the amount of money distributed to date and whether there are any changes that can be made to the scheme to maximise the use of the funding made available by the Government.

As at the 24 March the value of grants awarded against the funding made available by the Government is as follows:

<b>Government Funding Received</b>	<b>Value of Grants Paid out to date</b>	<b>Remaining Balance</b>
£1,065,884	£659,916 (to 465 grant recipients)	£405,968

In terms of the potential / practical changes that can be made to the scheme before the 31 March deadline, Government guidance does provide the flexibility to change the daily amounts set out above.

Our existing LRSG (OPEN) Policy also includes the following clause:

*The Council reserves the right to change the amount of grant awards, depending on the number of applications received.*

Determining the 'right' level of grant funding from the start of the period back in December was inherently difficult as there would have been no reasonable way to gauge the potential level of demand, and the total value of the grants awarded had to be accommodated within the overall funding made available by the Government.

Therefore, in line with Government guidance and our existing LRSG (OPEN) policy, it is proposed to revise the daily amounts awarded to reflect the actual level of demand for support under this scheme, following which retrospective payments will be made to eligible grant recipients. This can only be done on 1 April 2021 once the deadline has passed as new applications are still being received. A delegation is therefore included within the recommendations above to enable the Assistant Director Finance and IT to determine the actual daily amounts. Based on current estimates, this may result in individual 'top up' amounts of up to £1,000 being paid, covering the period from 2 December to 25 December.

Given the timescales and deadlines involved, it would not be possible to redesign the scheme to prioritise further business sectors. However, funding still remains available within the Additional Restrictions Grant Scheme discussed below to support a much wider range of businesses across the district.

## **2) Additional Restrictions Grant Scheme (ARG)**

This scheme is a fully discretionary scheme with the current phase of the scheme operating from 2 December through to the 31 March 2021. This period is consistent with the Government's other business grant schemes.

To date the scheme has continued to be aimed at all businesses who have been severely impacted by the COVID 19 crisis who have not been able to access any of the other grant schemes. Businesses do not have to occupy a rateable property and it therefore covers the widest range of businesses as possible, such as those that operate from shared spaces, the self-employed and those operating their business from home.

In addition to direct grant payments, the Government have also allowed local authorities to use the available funding for other business support initiatives. As part of the earlier phase of the scheme, the commitment was made to 'top-slice' 10% of the available funding for such business support activities, the first of which is now underway with £30,000 being allocated to the 'click it local' initiative, which was agreed by Cabinet at its 19 March 2021 meeting.

Based on the above approach, a summary of the use of the funding as at the 24 March 2021 is as follows:

<b>Government Funding Received</b>	<b>Expenditure Incurred to date</b>	<b>Remaining Balance</b>
£4,233,129	Grant Payments - <b>£748,244</b>  Business Support Initiatives ('Click it Local' Scheme – <b>£30,000</b> )	£3,454,885

	<b>Total Expenditure to Date – £778,244</b>	
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*The above excludes the recent top up funding announced by the Government, which will only be payable if all of the funding received to date (as set out in the table above) is spent by the end of June 2021 as discussed below.*

The Government originally set a deadline of 31 March 2022 by which time the money needs to be spent. Within this context, the Council has to date been clear in its aim to try to support as many businesses as possible (such as those harder to reach), which may require the scheme to operate over various phases.

However, it has been necessary to reflect on recent Government announcements which run contrary to their original guidance. The Government have now set a deadline of 30 June 2021 by which time all of the £4.2m has to be spent to qualify for further 'top-up' funding.

In addition to the above, ECC have also made additional funding available to District Councils as part of a wider initiative that aims to bring consistency to the various ARG schemes operated across Essex. As part of their funding offer, they have asked Local Authorities to prioritise a range of business sectors along with considering one-off grants of between £3,000 and £5,000. In terms of the business sectors they have prioritised, all would already be eligible for support under our existing ARG scheme, given it is open to all those who have been severely impacted by the COVID 19 crisis. There are also some additional grant conditions, but these can be accommodated within the proposed ARG scheme from 1 April 2021 as set out below.

As part of earlier phases of the scheme, one-off grants were already planned on being considered from 1 April 2021. This approach is now supported by the proposals put forward by ECC along with the Government also moving to the provision of one-off 'restart' grants as part for supporting businesses within the context of their 'roadmap' of reopening the economy over the coming months.

Therefore, subject to approval, it is planned to introduce one-off grants from 1 April 2021 to replace the existing grant scheme, which is based on 'daily' amounts. It is also proposed to extend the application deadline to 31 May 2021, which mirrors the same approach being taken by the Government in respect of their mandatory 'closed' scheme.

Although it is planned to move to one-off grants from the 1 April 2021, to ensure no one is disadvantaged, applications will still be accepted for periods prior to the 31 March where 'daily' amounts will still continue to be paid.

Based on the above, a summary of the proposals is as follows:

<b>Rateable Value or Size of the Business</b>	<b>Daily Amounts Payable for the Period 2 December 2020 to 31 March 2021</b>	<b>One-off Amounts Payable from 1 April 2021</b>
Business with RV £15k or under (or Micro Sized business if not operating from a rateable property)	£33.36	£3,000
Business with RV £15k or over but less than £51k (or Small Sized Business if not operating from a rateable property)	£50.00	£4,000
Business with RV £51k or over (or Medium Sized Business if not operating from a rateable property)	£75.00	£5,000

It is not proposed to change any other qualifying criteria so the scheme will continue to allow applications to be made by any business in the district who has been adversely impacted by COVID 19 and has not been able to access other financial support for the various periods of local or national restrictions since 2 December last year.

The revised policy reflecting the above proposals is attached.

Although the above amounts are less than the one-off 'restart' grants payable under the Government's mandatory schemes (where grants range from £4,000 to £18,000), they are felt to be proportionate given that the businesses that will be supported have not been mandated to close over the periods of restrictions. However, subject to available funding, the design of further phases of the scheme can be revisited at the end of the current deadline date of 31 May 2021.

The Council will continue to promote all available grant schemes as widely as possible to maximise take-up. It is also proposed to automatically pay the one-off grants to all those who have been eligible for support under earlier phases of the scheme rather than ask them to complete a new application. However, a revised application will be made available on the Council's website for all of those who not claimed before.

Although Officers will be implementing and administering the scheme once the policy is approved, a recommendation is included to provide a delegation to the Assistant Director Finance and IT to make changes to reflect any further guidance that may emerge from the Government.

## **2) Local Council Tax Support Scheme Payment**

As part of the Government's wider COVID support package earlier in 2020/21, money was made available to enable the 2020/21 council tax bills of all working age claimants eligible for support under the Local Council Tax Support scheme to be reduced by a maximum of £150.

As part of the funding made available, the Government did enable further flexibilities such as providing wider welfare support. However, to date it has been not practical to consider anything over and above the basic £150 support payment scheme, given the cost of that scheme could not be determined at the outset especially as claims for LCTS would have been made as the year progressed. Similarly, to the business grants scheme, it is always challenging to design a scheme where demand is unknown but the overall cost has to be accommodated within the overall funding made available by the Government.

A summary of the 'expenditure' to date for this scheme is as follows:

<b>Government Funding Received</b>	<b>Expenditure Incurred to date</b>	<b>Remaining Balance</b>
£1,374,442	£1,060,418	£314,024

Similarly to the LSRG (OPEN) Scheme above, as we approach the end of the financial year, it is timely to review the changes that can be made to the scheme to maximise the use of the money made available by the Government.

In terms of the associated Government guidance, they have indicated that Council's may consider increasing the £150 support 'payment'.

With the above in mind, it is therefore proposed to 'top up' the current £150 support payment for working age claimants in 2020/21. However, this 'top-up' amount will not be known until the 1 April 2021, as claims for LCTS are still likely to be received up to this date.

A delegation is therefore included within the recommendations above to enable the Assistant Director Finance and IT to determine the actual 'top up' amount to ensure all of the available funding can be allocated to the council tax accounts of local residents in 2020/21. Where a taxpayer's council tax liability for 2020/21 is less than the 'top up' amount, then their liability would be reduced to nil rather than being put into a credit position. This is a requirement set out in associated Government guidance.

#### **BACKGROUND PAPERS FOR THE DECISION**

None

#### **APPENDICES**

**Attachment 1** – Additional Restrictions Grant Policy (Covering the period 2 December 2020 to 31 May 2021)