

Use and Division of Funds for the Additional Restrictions Grant

Background

Following new national restrictions being imposed in England, for the period 5 November 2020 to 2nd December 2020, the Government has provided Councils with funding to help support businesses affected by the restrictions. This help falls in two parts;

i. Local Restrictions Support Grant (Closed)

The first is for a mandatory grant scheme, where the Government has set the eligibility rules. This will apply to business premises which must close, (and includes non-essential retail, leisure, personal care, sports facilities and hospitality businesses); and appear on the local rating list, compiled by the Valuation Office Agency.

This scheme is officially known as the Local Restrictions Support Grant (Closed) - Addendum and only applies during the period of national restriction.

Payments:

For the Local Restrictions Support Grant (Closed) the following amounts apply:

Rateable Value of Property	Amount awarded per four week period
£15k or under	£1,334
Over £15k and below £51k	£2,000
£51k or over	£3,000

ii. Additional Restrictions Grant (ARG)

The second funding amount is an Additional Restrictions Grant. Councils will be able to decide how best to use this money to help support businesses affected by national restrictions (whether the business is open or closed and whether they occupy properties rated for business rates or not).

The Additional Restrictions Support Grant is a once only grant to help with the impact of national lockdowns during 2020/21 and 2021/22. SWT has been awarded a funding pot of £3,102,300 to implement the grant. The implication within current guidance is that these funds will need to be used to manage the situation during any further outbreaks up until March 2022.

The funds can be used to support business directly, for those that do not qualify for the mandatory funding, to assist further those that qualify for the mandatory scheme, or to provide other forms of indirect business support that are considered appropriate.

Broad Allocation of ARG Funds

Given the one-off nature of the funding, the unknown nature of future lockdowns (if any), there has been a need to assess and prioritise how this resource is best utilised. Three options on broad use and management of the funds over time are set out below. Option 3 has been put forward as the preferred option and this approach was agreed at a Senior Management Team meeting of 18/11/20.

Option 1 – Distribute all funds directly to businesses as soon as possible. (REJECTED)

Time Period	Type of support	Percentage of ARG funding pot	Amount (£)
Lockdown 1 (Nov 2020)	Direct financial grant to businesses	100%	3,102,300
Advantages			
Ensures support goes directly to businesses quickly			
Disadvantages		Mitigating action	
Makes no provision for future outbreaks			
Makes no provision for strategic planning for recovery			
May be difficult to distribute funds fairly			
Council may be criticised if there is no support available during future lockdowns			

Option 2 – Manage funds making provision for 3 further lockdowns and making 20% of the funds available for a wider recovery (REJECTED)

Time Period	Type of support	Percentage of ARG funding pot	Amount (£)
Lockdown 1 (Nov 2020)	Direct financial grant to businesses	20%	620,460
Lockdown 2 (or continuation of L1)	Direct financial grant to businesses	20%	620,460
Lockdown 3	Direct financial grant to businesses	20%	620,460
Lockdown 4	Direct financial grant to businesses	20%	620,460
Recovery Fund	Could take the form of indirect business support such as: Business training support Grants for innovation Place-shaping support	20%	620,460
Advantages			
Ensures provision is made for timely direct financial support to businesses if and when required			
Makes provision for future outbreaks			
Makes provision for strategic planning for recovery			
Disadvantages		Mitigating action	
Diverts funds away from direct business support. In the case of further lockdowns this would limit the direct financial support available			

Option 3 – Allocate funds broadly by financial year with periodic checks in place to ensure funds are providing appropriate support to the business community. (Chosen Option)

Time Period	Type of support	Percentage of ARG funding pot	Amount (£)
Nov 2020 to Mar 2021	Direct financial grant to businesses	35%	1,085,805
April 2021 to Mar 2022	Direct financial grant to businesses A changed form of direct business support or indirect business support could be made available in the event of the direct financial support not being required	65%	2,016,495

Advantages	Mitigating action
Manages funds across the time period prescribed by Government	
Ensures provision is made for timely direct financial support to businesses if and when required	
Provides flexibility to reallocate funds over time for the most appropriate forms of business support.	
Disadvantages	
In case of no further lockdowns, it may be difficult to distribute funds.	Review periodically, potentially allocating some funds to recovery type activity should future lockdowns not occur.