

Somerset West and Taunton Council

Full Council – 15 December 2020

Decisions taken under the urgency rules regarding the Additional Restrictions Grant Scheme

This matter is the responsibility of Executive Councillor Member Marcus Kravis

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1 Executive Summary

- 1.1 This report details the decision taken on 23 November 2020 by the Chief Executive under the urgency rules contained within paragraph 5 of the Budget and Policy Framework within the Council's Constitution. The Decision is attached as Appendix A.
- 1.2 In summary, the decision related to agreeing schemes and eligibility criteria for the award of discretionary grant funding for businesses using £1,085,805 (or 35%) of the funding originally provided by the Government for the Covid-19 related Additional Restrictions Grant.
- 1.3 The Government outlined their expectation when providing this funding that local authorities should have schemes in operation to quickly get funding to businesses as soon as possible following the announcement on 31 October 2020 of the national lockdown order for 5 November to 2 December.
- 1.4 There was insufficient time to develop, build and agree our local schemes through the normal democratic processes as doing so would have significantly delayed our ability to get vital funding to businesses. The schemes were therefore agreed under the urgency provisions by the Chief Executive with the consent of the Chair of Scrutiny. The relevant Portfolio Holder, Cllr Kravis, was consulted on the content of the schemes.
- 1.5 The Constitution provides that, where urgent decisions are taken, a full report is made to the next available Council meeting to explain the decision, the reasons for it and why it had to be treated as a matter of urgency.
- 1.6 There are no direct climate implications arising from these decisions.

2 Recommendations

- 2.1 Council is asked to note the decision made by the Chief Executive on 23

November 2020 under paragraph 5 of the Budget and Policy Framework within the Council's Constitution in relation to the release of funds to the Additional Restrictions Grant Scheme.

2.2 To reflect this new expenditure within the approved Budgets for the current year and next year, Council is recommended to:

- a) Approve the creation of an Additional Restrictions Grant supplementary budget of £1,085,800 in 2020/21 and £2,016,500 in 2021/22, fully funded by £3,102,300 Government Grant income received in 2020/21;
- b) Approve the creation of an Additional Restrictions Grant supplementary budget of £1,085,800 in 2020/21 and £2,016,500 in 2021/22, fully funded by £3,102,300 Government Grant income received in 2020/21;
- c) Delegate authority to the S151 Officer to carry forward or bring forward the budget amounts between the two financial years to reflect timing of expenditure within the overall budget total of £3,102,300 across the two years.

2.3 To agree that decisions to reopen the scheme and to make any amendments to the scheme in response to changes to restrictions are delegated to the Portfolio Holder for Asset Management and Economic Development and the Director of Development and Place.

3 Risk Assessment

3.1 The key risk both we and Government are trying to mitigate through the award of grant funding is the damage to the local economy and community resulting from businesses ceasing to trade as a result of the financial impact of Covid-19. Consequently it was vital that our local discretionary scheme was brought into operation quickly, that the funding was directed to the categories of business identified as priorities by Government, as well as to any locally identified priorities.

4 Background and Full details of the Report

The Local Restrictions Support Grant (Closed) and Additional Restrictions Grant

4.1 On 31 October 2020 Government announced that they were going to provide local authorities with grant funding to help specific categories of businesses.

4.2 Funding of £3.5m was provided to us together with guidelines for operating a mandatory scheme – The Local Restrictions Support Grant (Closed). This scheme provided for businesses that had been ordered to close and which occupied rateable premises. Businesses qualified for payments of either £1,334, £2,000 or £3,000 depending on the rateable value of the business rated property.

4.3 In order to assist those businesses which did not qualify for LRSG(C), but

were still severely affected by the lockdown restrictions, Government also provided to SWT £3,102,300 (based on £20 per head of population) to operate a discretionary scheme – The Additional Restrictions Grant. Guidance was issued on 31 Oct 20 <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities> with further FAQs issued in early November (Appendix B)

- 4.4 Government indicated that the ARG is a once only grant to Local Authorities to help with the impact of national lockdowns during 2020/21 and 2021/22. Therefore the implication is that these funds will provide SWT with the only discretionary amount to manage the situation during any further outbreaks up until March 2022.
- 4.5 Within the context of the unknown nature of future lockdowns, to ensure management of the ARG fund across two financial years it was decided to make a split of the fund into two broad allocations of 35% for the remainder of 2020-21, safeguarding 65% for next financial year. This was broadly proportional to the time period that the fund may need to cover, weighted marginally in favour of 2020-21 financial year to make provision for the immediate lockdown of 5th November 2020 to 2nd December 2020.
- 4.6 Whilst the guidance provided for some discretion a number of key qualifying criteria were prescribed by Government and had to be included within our scheme e.g. Businesses had to be trading on 4 November 2020; Businesses must be able to demonstrate a significant loss of income due to Covid-19
- 4.7 In addition Government also strongly encouraged Local Authorities to develop local schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restriction put in place to control the spread of Covid-19. This could also include businesses outside the business rates system, or additional support for larger businesses of significance to the local economy.
- 4.8 In taking decisions on the appropriate level of grant, Government has encouraged Local Authorities to take into account the level of fixed costs faced by the business, the number of employees, whether the business is able to continue trading and the consequent scale of coronavirus losses.
- 4.9 A Policy for the scheme was developed (Appendix 2). The Main Scheme (30% of the overall fund) is open to all businesses that are not eligible for the LRSG(C).
- 4.10 All applications are put through the same scoring system to determine the level of support to provide to the business, with applicants providing information in three broad areas:
 - The fixed costs of the business
 - The number of employees of the business
 - How the business has been affected by the lockdown

- 4.11 There is a minimum qualifying score, above which the value of awards is set at £1000, £1500 or £2000. However the Council reserves the right to amend those values in the event of needing to balance demand against the amount of funding available.
- 4.12 SWT's Main ARG Scheme opened to applicants online on 27 November 2020 with the majority of assessments and payments expected to be made during mid-December.
- 4.13 The Exemptions element of the scheme (5% of the overall fund) will be open to businesses with over 10 employees on a case-by-case basis.
- 4.14 It should be noted that officers across the four Somerset local authorities have worked to align ARG policies as closely as possible in order to ensure a consistency of approach across the County. All four LAs have adopted the same or similar scoring mechanism to determine the level of award made in their main schemes.

Key considerations in developing SWT's Additional Restrictions Grant scheme

- 4.15 As this is a one-off grant to the Authority to support businesses throughout a period of unknown circumstances, potentially up until Mar 2022 a mechanism for measured spend of the fund was required. Options to manage this were considered as part of the urgent decision (Appendix 1). At present this is being managed through a financial year split of 35% for 2020-2021, safeguarding 65% for 2021- 2022.
- 4.16 The framework to develop the scheme was looser than for the discretionary grant during the previous lockdown. The ARG is aimed at supporting both rate-paying businesses that were not forced to close as well as non-rate-paying businesses that had been affected by the national lockdown. We hold very little data regarding many of these businesses especially those outside of the business rates system.
- 4.17 Predicting likely take-up was therefore difficult and consequently we needed to build in mechanisms to balance the available funding against demand. We were also aware of businesses that had not been given the opportunity to apply for support under previous schemes.
- 4.18 We therefore adopted a scheme which was open for all to apply to, but would award available funds against a points based assessment of need, with a view to reviewing if necessary. We were also able to learn from our own as well as other authority experiences of managing discretionary funds in order to develop criteria for the scheme.
- 4.19 The previous discretionary grant was open largely only to those sectors that were prescribed by Government. It also applied to a longer period of restriction and so we were able to manage the issue of limited funding by gradually opening the scheme to a wider set of business sectors.

- 4.20 By contrast the national lockdown from 5th November 2020 to 2nd December 2020 covered a 28 day period only. The time constraints to develop the scheme and award funds were therefore tighter.
- 4.21 We considered whether to make payment on a first come first served basis or to invite applications over a two week period. Given the unknown level of applications we concluded that the two-week window would provide a mechanism to assess the level of demand against the funds available and if necessary modify the level of awards made. As we could still assess eligibility over the two week window this would mean that once the window had closed the final decision could be made on the level of awards to be paid out and payments made shortly afterwards.
- 4.22 We had to develop our own definitions and scoring mechanisms for elements of the criteria. These were discussed with officers within other authorities and the final policy refined and finalised with input from external expertise.
- 4.23 We were conscious that we needed to keep the application process as simple as possible. Consequently we are allowing claimants to make declarations for elements of the process (e.g. a 25% loss or expected loss during the COVID lockdown), but also requiring documentary evidence to confirm things such as bank account details and the fact that they are paying the fixed property-related costs which they claim to be making.
- 4.24 Our external auditors at SWAP have been involved with developing verification processes and are assisting us in processing the applications. Other checks are built into the process at relevant points to prevent fraud including use of the 'Spotlight' system provided by Government which checks against limited company registrations and our own internal checks to pick up any duplication of bank accounts against all applications within the ARG and LRSG applications.
- 4.25 Our scheme was developed in consultation with the Portfolio Holder. Corporate Scrutiny were also provided with an informal verbal overview of the initial proposed scheme.

5 Links to Corporate Strategy

- 5.1 The effective and quick distribution of grant funding supports the economic and community objectives in our strategy.

6 Finance / Resource Implications.

- 6.1 The grant funding is provided by Government and they will also be providing new burdens funding to help towards the administration costs. The ARG scheme has been designed in such a way as to limit the availability of grants against the funding provided by Government.

7 Legal Implications

- 7.1 The decision making process for agreeing the schemes is in alignment with

the Constitution. The schemes clearly state that our decision around individual awards is final.

8 Climate and Sustainability Implications

8.1 There are no specific climate or sustainability implications relating to these decisions.

9 Safeguarding and/or Community Safety Implications

9.1 There are no direct safeguarding or community safety implications relating to these decisions, although the scheme could enable us to provide financial support to help maintain businesses or charities which offer medical services or other community support services.

10 Equality and Diversity Implications

10.1 There are no specific equality and diversity implications relating to these decisions, but the scheme could enable us to provide financial support to businesses which offer support services.

11 Social Value Implications

11.1 There are no specific social value implications relating to these decisions. However, one of the ARG grant schemes principal purposes is to help target funding at small locally based/independent businesses.

12 Partnership Implications

12.1 There are no specific partnership implications relating to these decisions. However, we have worked closely with organisations such as the Taunton Chamber of Commerce and Minehead Bid Group in order to publicise the availability of grants. We are also working closely with the Economic Development departments of other Somerset Local Authorities to align schemes where possible.

13 Health and Wellbeing Implications

13.1 The grant funding is specifically intended to support businesses and help them to survive through very uncertain times. This has positive knock-on benefits for the employees of those businesses and the wider community. Our local qualifying criteria has been defined with this in mind.

14 Asset Management Implications

14.1 There are no asset management implications relating to these decisions.

15 Data Protection Implications

15.1 There are no specific data protection implications relating to these decisions.

16 Consultation Implications

16.1 The timescales requested by Government prohibited any significant consultation. However, both discretionary schemes were developed in conjunction with the Portfolio Holder.

16 Scrutiny Comments / Recommendation(s)

16.1 These decisions were taken under the urgency rules within the Constitution and, as such, were not formally considered by Scrutiny. In accordance with the Constitution the Chair of Scrutiny was consulted regarding the requirement for urgent decisions and consented to both decisions being made by the Chief Executive.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Executive – No**
- **Full Council – Yes**

Reporting Frequency: **Once only**

List of Appendices

Appendix A	Record of Decision taken by Chief Executive on 23 rd Nov 2020
Appendix B	Frequently Asked Questions provided by BEIS
Appendices of the Decision	
Appendix 1	Additional Restrictions Grant Summary and Options
Appendix 2	SWT Policy on Additional Restrictions Grant

Contact Officers

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