

Somerset West and Taunton Council

Full Council – 23 February 2021

Decisions taken under the urgency rules regarding the Local Restrictions Support Grant (Open) Scheme – Tiers 2 and 3

This matter is the responsibility of Executive Councillor Member Marcus Kravis

Report Author: Gordon Dwyer, Economic Development Specialist

1 Executive Summary

- 1.1 This report details the decision taken on 17 December 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 a scheme and eligibility criteria for the award of discretionary grant funding for businesses, with funding provided by Government for the Covid-19 related Local Restrictions Support Grant (Open) to support businesses in the accommodation, leisure and hospitality sectors.
- 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.
- 1.4 The Government's Covid-19 Winter Plan was announced on 23rd November to return areas of England to a Tier system following the second National Lockdown in November 2020. Subsequently, the SWT area was lowered to Tier 2 restrictions from 2nd December onwards.
- 1.5 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.
- 1.6 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.
- 1.7 There are no direct climate implications arising from these decisions.

2 Recommendations

- 2.1 Council is asked to note the decision made.
- 2.2 Council delegates authority to the S151 Officer to add the additional Local Restrictions Support Grant (Open) expenditure and related grant income to the Council's 2020/21 budget in line with the total amounts of £1,271,028 allocated by Government for this purpose.
- 2.3 Council delegate's authority to the S151 Officer to carry forward unspent balances of the Local Restrictions Support Grant (Open) budget to 2021/22 where funds can be retained for eligible costs falling into next financial year, net of any amount to be returned to Government. Grant income received and not spent by 31 March 2021 for this purpose to be held in earmarked reserves and matched against costs in 2021/22.
- 2.4 Council is asked to agree that decisions to make any amendments to the scheme, in order to respond to the needs of businesses, 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 schemes were 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 Local Restrictions Support Grant (Open)

- 4.1 In November 2020 Government announced that following the National Lockdown of 5 Nov to 1 Dec, restrictions within the Somerset West and Taunton area were to be lowered to Tier 2 from 2 Dec onwards. They also announced that they were going to provide local authorities with grant funding to help specific categories of businesses most affected by Tier 2 restrictions (accommodation, leisure and hospitality sectors).
- 4.2 The SWT district has been subject to the following Covid 19 restrictions since November 2020:

	Period	Number of days	Restriction
1	5 Nov to 1 Dec	27 days	Second National Lockdown
2	2 Dec to 25 Dec	24 days	Tier 2
3	26 Dec to 30 Dec	5 days	Tier 3
4	31 Dec to 4 Jan	5 days	Tier 4
5	5 Jan onwards		Third National Lockdown

- 4.3 This report concerns the period of Tier 2 and Tier 3 restrictions (2 Dec to 30 Dec).
- 4.4 Confirmation of funding was provided to us together with guidelines for operating two specific grant schemes – Local Restrictions Support Grant (Closed) and Local Restrictions Support Grant (Open).
- 4.5 We have received the ‘Closed Scheme’ funding of circa £1.0m and this will be topped up by Government if eligibility exceeds the initial funding we have been provided.
- 4.6 We have also received the ‘Open Scheme’ funding of £1.27m. This is fixed and will not be topped up by the Government if we exceed our allocation. If we underspend our allocation it cannot be retained by the Council.
- 4.7 Local Restrictions Support Grant (**Closed**) is a mandatory scheme for businesses that are within the business rates system which have been required to close by Government as a result of Tier 2 or Tier 3 restrictions. The scheme provides for three levels of payment which is determined by the rateable value of the business rated property. Payments are £667, £1,000 or £1,500 per 14 day period, for rateable values of under £15,000, £15,000 to £51,000 and over £51,000 respectively. In reality, since the Tier 2 restrictions lasted for 24 days we made ‘closed scheme’ payments of £1,143, £1,714 and £2,571. Tier 3 restrictions lasted for 5 days and we made ‘closed scheme’ payments of £238, £357 and £535 based on these rateable value groupings.
- 4.8 Local Restrictions Support Grant (**Open**) Tiers 2 and 3 is the scheme that the Urgency decision relates to. It is described as a discretionary scheme, however the Department for Business, Energy & Industrial Strategy (BEIS) has set down certain criteria which must be met by each business making an application. BEIS has also indicated the types of business which should be given the grant. The funds are to support the accommodation, leisure and hospitality sectors, and the suggested criteria are to support businesses in the business rates system which have *not* been required to close by Government as a result of Tier 2 or Tier 3 restrictions but which have been severely impacted by the restrictions. The scheme provides for three levels of payment which is determined by the rateable value of the business rated property. Payments are up to £467, £700 or £1050 per 14 day period, for rateable values of under £15,000, £15,000 to £51,000 and over £51,000 respectively. In reality, since the Tier 2 restrictions lasted for 24 days we made ‘Open scheme’ payments of £800, £1,200 and £1,800. Tier 3

restrictions lasted for 5 days and we made 'Open scheme' payments of £166, £250 and £375 based on these rateable value groupings.

- 4.9 The guidance can be viewed at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946373/local-restrictions-support-grant-OPEN-2-dec-onwards-la-guidance.pdf
- 4.10 The scheme policy (Appendix 2) was developed rapidly in response to the developing Covid-19 emergency and has followed the suggested guidance.

Scheme Implementation

- 4.11 Where we hold details of businesses that have previously claimed for Covid-19 support and we believe they would qualify for the further closed or open schemes, we have emailed the businesses inviting them to apply by completing a form to confirm their eligibility is still current.
- 4.12 This simplified process enabled us to start making payments for Tier 2 closed and open schemes before the Christmas period.
- 4.13 Over the Christmas period the SWT area moved rapidly through a number of restriction periods; on 26 December 2020 into Tier 3 restrictions, on 31 Dec to Tier 4 restrictions and on 5 January 2021 to the Third National Lockdown.
- 4.14 For business that have not received Covid-19 support from us since 5 November we have simplified the application process by developing one online Register of Interest form which went live in mid-January 2021. The form captures sufficient information from the applicant business to assess which scheme they would qualify for. Therefore new applications to all schemes including the LRSG(Open) Tier 2 and 3 are being handled through this process.

Key considerations in developing our LRSG (Open) Discretionary scheme

- 4.15 In order to reduce the risk of fraud, all applications from Limited Companies are run through the Government's 'spotlight' system as a validation and status check. We check that bank details match to the individual applicants and we check for duplicate applications within our own systems. At relevant points in the process, we also undertake third party verification by way of CIFAS (a not-for-profit organisation working to reduce and prevent fraud and financial crime in the UK) and Experian to identify potential fraud cases, as well as involving our internal auditors, SWAP.
- 4.16 Colleagues in other local authorities within Somerset were contacted with a view to aligning the approach across the County. It is understood that authorities across Somerset are running Tier 2 open schemes which closely align to the Government guidelines.
- 4.17 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.

Key elements of the SWT Local Restrictions Support Grant (Open) Tier 2 and Tier 3 scheme

4.18 The full Local Restrictions Support Grant (Open) scheme policy is detailed at Appendix B to this report.

4.19 The key elements of the scheme are as follows:

- Only open to the priority categories of business requested by Government
- The application and payments process is entirely electronic
- Payments are made on a first come first served basis & payments are limited to the available funding
- In line with the Government guidance the Council's scheme is set up to grant the following award amounts per 14 day period during Tier 2 or Tier 3 periods:

Rateable value of business premises	Award amount*
Businesses occupying hereditaments with an rateable value of £15,000 or under	Up to £467
Businesses occupying hereditaments with an rateable value of over £15,000 and less than £51,000	Up to £700
Businesses occupying hereditaments with an rateable value of over £51,000	Up to £1,050

* Where the relevant period of restriction is longer or shorter than 14 days we are required to pro-rata these payments upwards or downwards (see 4.5 and 4.6 for details of actual sums paid).

4.20 To date (early Feb) we have paid out £579,967 under the 'Open' scheme to 605 qualifying businesses. We believe that as many as 1566 businesses may be eligible. We have contacted 1170 directly by e-mail and we are continuing to accept new applicants through the Register of Interest process.

4.21 In addition to the Open scheme for Tier 2 and Tier 3, we continue to administer a range of other schemes for other periods and levels of restriction and for both businesses within and outside of the business rates system. We have simplified the application process for those that we have previously paid, as well as simplifying the process for new applicants through the introduction of the Register of Interest form.

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 LRSO Open scheme has

been designed to align closely with Government guidelines so that the funding made available to us also aligns closely with Government calculations for the scheme.

6.2 At present, Government has not indicated that further funding will be made available for this scheme and we are not expecting the scheme to be over-subscribed. In the case of over-subscription we would propose to manage this through either limiting the availability of grants or, with appropriate authorisation, utilise underspend within the Additional Restrictions Grant scheme.

6.3 Summary of the LRSG(Open) budget as at 3rd Feb 2021:

Scheme	Scheme eligibility period	Total amount received from Government	Total amount awarded by SWT as business support grants as at 3rd Feb 2021
Local Restrictions Support Grant (Open) Tiers 2 and 3	2 Dec to 30 Dec (Tier 2 2-25 Dec) (Tier 3 26-30 Dec)	£1,271,028	£579,976

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.

10 Equality and Diversity Implications

10.1 There are no specific equality and diversity implications relating to these decisions, but the schemes are allowing us to provide financial support to a number of local charities.

11 Social Value Implications

11.1 There are no specific social value implications relating to these decisions. However, the discretionary grant schemes have been designed to target funding at small locally based 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 across the County as much as 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 dated 17 December 2020
Appendix B	The SWT Policy for Local Restrictions Support Grant (Open)

Contact Officers

Name	Gordon Dwyer, Economic Development Specialist
Direct Dial	07881 218 674
Email	g.dwyer@somersetwestandtaunton.gov.uk