Rotherham Metropolitan Borough Council

Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 10 December 2020

Report Title
Additional Restrictions Grant (ARG) – Rotherham MBC Discretionary Business Support Scheme

Is this a Key Decision and has it been included on the Forward Plan?
Yes

Strategic Director Approving Submission of the Report
Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)
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Ward(s) Affected
Borough-Wide

Report Summary
Government have provided a further package of support grants for businesses that were impacted by the Tier 2 and 3 restrictions or forced to close as part of the Tier 3 restrictions and national lockdown. These Local Restrictions Support Grants (LRSG's) are targeted at businesses registered for business rates, with grant payments up to £3,000 per four-week period. They are to be administered by local authorities but following governments guidance.

On 24 October South Yorkshire entered into the Tier 3 (very high risk) level as part of the response to the Covid-19 pandemic and rising case numbers in the area. As part of the agreement with government to enter Tier 3, the Sheffield City Region (SCR) negotiated a business support package of £30million, known as the Additional Restrictions Grant (ARG). This is a discretionary fund that SCR can use to create a package of support for businesses that are unable to access governments LRSG's either as they are not registered for business rates or not within one of the business sectors that are able to access the grants.

This report outlines the progress made on delivering governments LRSG's and how the ARG discretionary fund is being used to complement those grants and support wider businesses in Rotherham. It also seeks approval for the Councils proposed use of the discretionary business support fund, for which Rotherham has been allocated £664,000 and for the proposed eligibility criteria.

Recommendations

1. That Cabinet note the progress to date on the administration of the Local Restrictions Support Grants (LRSG's).

2. That Cabinet note the progress to date on utilising the Additional Restrictions Grant (ARG).

3. That Cabinet approve the Councils proposed discretionary business support grant, total funding of £664,000.

4. That Cabinet delegate to the Strategic Director Finance and Customer Services in consultation with the Leader of the Council and Cabinet Member for Finance and Corporate Services, the application of any surplus grant to top up the grant values paid to eligible small businesses.

List of Appendices Included

Background Papers
Local Restrictions Support Grant - guidance

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Additional Restrictions Grant (ARG) – Rotherham MBC Discretionary Business Support Scheme

1.	Background
1.1	Government have provided a further package of support grants for businesses that were impacted by the Tier 2 and 3 restrictions or forced to close as part of the Tier 3 restrictions and national lockdown. These Local Restrictions Support Grants (LRSG's) are targeted at businesses registered for business rates, with grant payments up to £3,000 per four-week period. They are to be administered by local authorities but following governments guidance.
1.2	Government confirmed that the LRSG's prior to entrance into the second national lockdown would be paid on a pro-rata basis, on the number of days any authority was within a particular tier. Rotherham entered the tiered restrictions on the following dates; • Tier 2: 14 October to 23 October – 10 days • Tier 3: 24 October to 4 November – 12 days • National Lockdown: 5 November to 1 December – 27 days
1.3	Following receipt of governments guidance, the first of these schemes Local Restrictions Support Grant (Closed) was launched on the Council website on 28 October allowing those businesses forced to close as part of tier 3 restrictions to apply. Since then the Council has added details of all the LRSG's to the Councils business support webpage. To date 1,229 businesses have received a business grant through the schemes, with total grants paid of £2.145million.
1.4	The current live LRSG's, targeted at businesses registered for business rates, with grant payments based on rateable value, are set out below: • **Local Lockdown Restrictions Grant (Open)** – targets businesses in the Hospitality, Accommodation and Leisure sector that were able to open in Tier 2 and 3 with restrictions. £508,000 available. • **Local Lockdown Restrictions Grant (Closed)** – targets businesses forced to close in Tier 3, such as pubs not serving meals. £130,000 available. • **Local Lockdown Restrictions Grant (Sector)** – targets businesses forced to close since March 23, such as Nightclubs. • **Local Lockdown Restrictions Grant (Closed National Lockdown)** – targets businesses forced to close due to the 2nd national lockdown. £3.4million available for Closed national lockdown and the sector scheme.
1.5	On 24 October South Yorkshire entered into the Tier 3 (very high risk) level as part of the response to the Covid-19 pandemic and rising case numbers in the area. As part of the agreement with government to enter Tier 3, the Sheffield City Region (SCR) negotiated a business support package of

	£30m, known as the Additional Restrictions Grant (ARG). This is a discretionary fund that SCR can use to create a package of support for businesses that are unable to access governments LRSG's, either as they are not registered for business rates or not within one of the business sectors that are able to access government grants.
2.	**Key Issues**
2.1	Following agreement with government on the £30million discretionary Additional Resources Grant (ARG) for the Sheffield City Region, officers at Rotherham, Doncaster, Barnsley and Sheffield Councils began working up proposals, as to how this discretionary fund could be utilised. A technical team was established to set out proposed phases of business grant support, these proposals were subsequently presented to the Directors of Finance, Chief Executive Officers and Leaders of each authority for consideration. It was a clear intention of the group and the SCR authorities that consistency should be maintained wherever possible in the schemes that were to be approved, so that a business in Rotherham can access the same support as a business in Sheffield. As a result of this development and consultation process the following schemes have been agreed and implemented from the ARG.
2.2	The first phase of grant schemes approved to be funded from ARG have been set up to mirror the governments LRSG's but targeted instead at businesses that are not registered for businesses rates and still have significant fixed premises costs. These schemes are live with applicants able to apply via the Council website, via a single application form. The schemes are outlined below. £1.75m allocated across SCR from ARG for: • **Additional Restrictions Grant (Open)** – targets businesses in the Hospitality, Accommodation and Leisure sector that were able to open in Tier 2 and 3 with restrictions. £3.00m allocated across SCR from ARG for: • **Additional Restrictions Grant (Closed)** – targets businesses forced to close in Tier 3, such as pubs not serving meals. • **Additional Restrictions Grant (Sector)** – targets businesses forced to close since March 23, such as Nightclubs. £1.75m allocated across SCR from ARG. • **Additional Restrictions Grant (Closed National Lockdown)** – targets businesses forced to close due to the 2nd national lockdown. £1.75m allocated across SCR from ARG. The businesses applying for these grants are not registered for business rates, so there is no data set available to accurately divide the SCR allocations across each local authority. As such, each Council will run their grant scheme and submit weekly claim forms to the SCR indicating

	progress, claim volumes and values.
2.3	The second phase of grant schemes approved to be funded from ARG have been focussed on starting to target businesses that are unable to access the existing government grants or the mirroring of those grants through ARG. The following schemes are live with applicants able to apply via the Council website. Phase 2 schemes are outlined below. • **Support for licensed taxi drivers within South Yorkshire:** a fixed one-off payment of £500 for all Rotherham taxi drivers, this approach is mirrored across the SCR. Rotherham has an allocation of £546k from ARG for this scheme. £6.00m allocated across SCR from ARG for: • **Support for Supply Chain:** businesses within the supply chain of those forced to close due to the national lockdown or those within the Hospitality, Accommodation and Leisure sectors that were restricted in Tier 2 and 3, can access a support grant. The scheme is targeted at businesses with a fixed premise, who are in the supply chain of those impacted by the restrictions and trade on a business to business basis.
2.4	The third phase of business grant support allocates a further £4m of the ARG to local authorities to carry out a discretionary business support grant. This is to allow each local authority to design a scheme that supports those business sectors in their area that have been significantly impacted by Covid-19 restrictions but so far unable to access any of the support grants. Rotherham MBC's allocation is £664,000. To ensure broad consistency where possible, the following principles have been agreed across the SCR. • The fund is completely discretionary - LAs can support businesses as they see fit. • All LAs will consider how they could support businesses in "hardship" that have not received support through other schemes. • The fund does not have to be used to support businesses directly. It can be used for wider business support (high street campaigns, car parking incentives etc). • Where the fund is used to provide business grants, LAs can support any sectors they choose. • This fund can be used to support the self-employed and freelancers who may fall outside the eligibility of existing national and local schemes.
2.5	The fund available to the Council is limited to £664,000 and as such the Council's scheme has been designed to have a mix of targeting the business areas that allows the Council to provide support to as many businesses as possible, whilst providing a payment value that is sufficient

	to support businesses in these challenging times.
2.6	<u>Discretionary Scheme Criteria</u> The scheme is available to businesses suffering from a loss of trade and that have been unable to access any of the existing business grant schemes. These are expected to be primarily small and microenterprises, including businesses registered too recently to qualify for central government support. Successful applicants must meet the core criteria and fall into one of the targeted areas below. Grant payments are anticipated to most commonly be £500 but rising to up to £1,000 where a greater need is demonstrated and subject to availability of funds. Any amounts over £500 will be applied as a top up following assessment of all claims. **Core criteria:** • Businesses must be able to demonstrate financial hardship which is believed to relate to Covid-19 and / or the resulting government-imposed restrictions on economic activity, either directly or indirectly. • Has to be micro/small businesses (employees less than 49). • Able to evidence significant ongoing business costs. • State aid rules apply. • Businesses that are able to access existing government business support schemes will usually be excluded. **Targeted areas include:** • Local, regional or independent businesses that were not forced to close during the lockdown or which fall outside the current national and local schemes. • Businesses run from home with significant ongoing costs that are of a business nature – i.e. a separate building, solely for business use. • Mobile microbusinesses that do not operate from fixed premises • This fund can be used to support the self-employed and freelancers who may fall outside the eligibility of existing national and local schemes. In exceptional circumstances but solely at the discretion of the Council, an application may also be considered from a business not fully meeting the criteria set out above. For example, a business that has seen a loss in trade due to Covid-19 but does not have any ongoing business costs. However, this will not cover self-employed people able to access governments self-employment support scheme.
2.7	<u>Discretionary Scheme Exclusions</u> Businesses able to access existing government business grant schemes or government's self-employment support scheme; businesses in manufacturing, construction and office based are excluded.

2.8	Barnsley and Rotherham Chamber of Commerce have been consulted on the discretionary scheme criteria and have offered the Council support in promoting the scheme and potentially offering an advisory service to businesses prior to applying for the grant. The aim of this would be to allow them to ensure businesses that clearly meet the criteria are encouraged to apply for the scheme.
2.9	The scheme will be promoted on the Council website, via social media and press releases inviting businesses to submit an application via Councils business support application form. The application form has been designed so that business only need to submit one application form for consideration across any of the business support grants. It is proposed that applications will be accepted until the 31 January 2021 but clearly with a finite resource, applications will be processed on a first come first served basis until the fund is exhausted. Should there be resources available at the end of this period it is proposed that the Strategic Director for Finance and Customer Services, in consultation with the Leader and Cabinet Member for Finance and Corporate Services, has delegated authority to process top up payments in order to utilise the resource.
3.	**Options considered and recommended proposal**
3.1	Cabinet are asked to approve the implementation of the Discretionary Grant Fund scheme as set out in Section 2.6.
3.2	There are other options that the Council can consider in that it can effectively tailor the scheme. However, it is felt that the proposed approach that has been outlined has the best fit to maximise support for a large number of local businesses whilst mitigating against the risk of overcommitting the Council.
4.	**Consultation on proposal**
4.1	Officers have consulted key internal teams that hold information on the impact businesses have seen as a result of Covid-19, to ensure that the proposals Cabinet are asked to approve are robust and appropriate for the needs of Rotherham businesses.
5.	**Timetable and Accountability for Implementing this Decision**
5.1	The scheme will go live on the 10 December with regular progress updates provided to the Strategic Director of Finance and Customer Services, Cabinet Member for Finance and Corporate Services, Cabinet Member for Jobs and the Local Economy, the Leader of the Council and the Chief Executive.
6.	**Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)**

6.1	The Sheffield City Region has been allocated £30m Additional Restrictions Grant (ARG) as part of the agreement for entering Tier 3. From this allocation, the Council has been allocated £664k to use for its discretionary grant fund scheme. The scheme has been scoped out with a view to mitigating the risk that the Council could over commit to grant payments, should more businesses come forward for the grant than the Council anticipates. The scheme will be promoted on a first come, first served basis to manage the finite amount of grant, though it should be recognised due to the time taken to process grants there may be a small number of cases that cause a potential risk of overspend. Should there be any surplus due to low application number, then this will then be used to top up grant payments to those businesses already approved or to expand the scheme.
6.2	The Council will not be provided with additional grant should the number of applicants coming forward exceed the Councils projections. Therefore, if that happens and the Council pays out the grant as initially indicated it will have to cover any costs over and above its grant allocation.
6.3	There are no direct procurement implications arising from the recommendations detailed in this report.
7.	**Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)**
7.1	Officers may consider whether grant conditions are necessary in relation to this scheme. Such conditions ought to be fairly light touch, given the small amounts of the grants. Legal services can prepare necessary grant conditions should this be required. Regarding state aid, Under the European Commission's COVID-19 Framework, each business may receive up to €800,000 in grants or other aid without being in breach of state aid rules. It seems from this report that the grants from the Council itself to each recipient will be comfortably below in this limit. However, for each grant recipient, the Council's grant must be aggregated to any other public sector support (e.g. other grants) which the grant recipient is receiving from all other public bodies (e.g. from central government, other local authorities if operating there). It seems from the report that the businesses eligible for this grant are too small to have significant grants from other public bodies. However, the Council should comply with the requirements indicated in the BEIS guidance regarding state aid declarations.

8.	**Human Resources Advice and Implications**
8.1	No direct implications.
9.	**Implications for Children and Young People and Vulnerable Adults**
9.1	The proposed scheme aims to support private nurseries who will have suffered financially due to the COVID-19 lockdown.
10.	**Equalities and Human Rights Advice and Implications**
10.1	The discretionary scheme will support some businesses that are run by people with protected characteristics, that were inadvertently prohibited from applying for governments original business support grant scheme.
11.	**Implications for Ward Priorities**
11.1	No direct implications.
12.	**Implications for Partners**
12.1	No direct implications.
13.	**Risks and Mitigation**
13.1.	There are three significant risks that the Council will face with the implementation of the discretionary grant fund. 1. Applicants exceeding the grant available 2. Fraudulent applications 3. Complaints from businesses that are rejected The Council can mitigate against these risks in the following ways. 1. Set a scheme that allows lower grant to be paid out initially with top ups should applicant numbers allow. 2. Ensure that banking details are independently verified ahead of payments being made. 3. The Council is clear at the outset the businesses that it intends to support along with the information it will require as evidence of Covid-19 impact.
14.	**Accountable Officers**
	Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	**Date**
Chief Executive	Sharon Kemp	01/12/20
Strategic Director of Finance &	Judith Badger	01/12/20

Customer Services (S.151 Officer)		
Head of Legal Services (Monitoring Officer)	Bal Nahal	01/12/20

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