

Item No.	Classification: Open	Date 17 December 2020	Meeting Name: Cabinet Member for Jobs, Culture and Skills
Report title:		Additional Restrictions Grant scheme – Round Two	
Ward(s) or groups affected:		All wards	
From:		Director of Response and Renewal	

RECOMMENDATIONS

Recommendations for the Cabinet Member

1. That a Second Round of the Additional Restrictions Grant scheme is launched immediately in response to Southwark entering into 'very high' local restrictions (Tier 3) on 16 December 2020.
2. That future decisions on recommended grant awards made through the Additional Restrictions Grant scheme will be delegated to the Chief Executive, on recommendation of the assessment panel.
3. That additional rounds of the Additional Restrictions Grant scheme are launched as appropriate under the same conditions in the event that there are further periods where Southwark enters into 'very high' local restrictions, or remains in Tier 3 for a sustained period (longer than 4 weeks).

BACKGROUND INFORMATION

4. Since March 2020 the COVID-19 pandemic has disrupted daily life across UK and resulted on a number of measures to limit its spread and impact. National preventative action to reduce the spread of the virus has led to businesses in Southwark being unable to operate as normal, with many experiencing financial difficulty as a result.
5. The government has rolled out a range of discretionary support to help business during this period, including the Local Authority Discretionary Grants scheme (announced in May 2020), and now the Additional Restrictions Grant (ARG), which was announced on the 31 October 2020. The ARG is intended to help Local Authorities to support businesses in their local economies and to provide additional support to grant funding provided under the Local Restrictions Support Grant (LSRG) schemes.
6. A list of the business support schemes announced since October 2020 are:

- LSRG (open) - for businesses severely impacted during 'high' and 'very high' local restrictions.
 - LSRG (closed) Addendum - for businesses legally required to close during the national lockdown period 5 November to 2 December 2020.
 - LSRG (closed) - for businesses required to close under Local Covid Alert Level 'very high' restrictions (Tier 3).
 - LSRG (sector) - for businesses that have been unable to re-open since 23 March 2020.
 - Christmas Support Payment – for wet-led pubs in areas under Tier 2 or 3 restrictions.
 - ARG – discretionary fund to provide additional support to the LSRG schemes.
7. With the exception of the ARG, all of the LSRG schemes listed above are to be administered by Exchequer Services in accordance with the relevant guidance, based on the rateable value of each hereditament a business occupies.
 8. The ARG is a discretionary scheme and Local Authorities are able to determine which businesses to support and how much funding to provide. However, Local Authorities are encouraged to support businesses that have been severely impacted by the restrictions but may not qualify under the LRSR schemes, e.g. because they are not on the business rates system or they are a supply chain business.
 9. Under the ARG, Local Authorities have received a one-off lump sum payment amounting to £20 per head of population (ONS 2019 Mid-Year population estimates) when local 'very high' or widespread national restrictions are imposed. The total funding allocated to Southwark for the ARG is £6.37m.
 10. On 24 November 2020 the council launched Round One of the ARG scheme to support local businesses during the period of national lockdown, 5 November to 2 December 2020 (see background papers). By the closing date of 15 December, a total of 847 applications had been received. These applications continue to be assessed and grant awards made to businesses in line with the agreed criteria. At this stage, it is estimated a total of £1.12m will be awarded under Round One of the ARG scheme.
 11. The council will ensure that all State aid requirements have been fully met and complied with when making grant payments via the ARG. Local authorities have discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).

KEY ISSUES FOR CONSIDERATION

12. In line with the guidance and Round One of the ARG scheme, Round two is to be targeted at those businesses which are legally forced to close, but are outside the business rates system, or are severely impacted by the restrictions put in place to control the spread of Covid-19.

13. For those in the second category, i.e. businesses not forced to close but are severely impacted, we particularly welcome applications from businesses that supply the retail, hospitality, and leisure sectors, and businesses in the events sector.
14. Round Two of the ARG is intended to cover a 28-day period from 16 December 2020 to 13 January 2021 (notwithstanding any relaxation to restrictions over the five day Christmas period).

Eligibility

15. Government guidance sets out the following eligibility criteria for the ARG:
 - a) the business is not in administration, insolvent or has a striking-off notice made against it
 - b) the grant will not result in the organisation exceeding the State Aid threshold of €800,000 (euros) during the last 3 years

The following additional criteria is specific to the Southwark scheme, taking into account government guidance and the administration of previous grant schemes:

The business:

- c) was trading on 15 December 2020
- d) is based in the London Borough of Southwark (operates wholly or mainly from a residential or commercial premises in the borough or at a Southwark market or street trading pitch)
- e) has been legally required to close under Tier 3 restrictions (but are not business rate payers/account holders) or is not required to close but has been severely impacted by the restrictions put in place to control the spread of Covid-19
- f) has less than 50 FTE employees
- g) has a turnover of not more than £10.2 million
- h) is not in receipt of or eligible for a grant through the Local Restrictions Support Grant (closed) Addendum

Awards

16. Local Authorities can determine how much funding to provide businesses from the ARG. Although there is flexibility in how the ARG can be administered, there is a pressing need to offer short-term support through grants before considering other medium-term business support options.
17. For clarity and consistency, it is recommended that ARG grants continue to be awarded at the same rates as LRSG (closed) where property rateable values exist; noting that where they do not, grant levels will instead be based on the number of employees, as follows:

Tier	No. of employees (FTE)	ARG tiers (28 days)
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	excluding owner(s)	
1	0 employees	£1334
2	1-4 employees	£2000
3	5-49 employees	£3000

18. Grants at these levels would effectively be made to cover a 28-day period from 16 December 2020 to 13 January 2021, irrespective of any additional changes to restrictions during that period, and allow support to reach a large number of local businesses who need it. The value of the grants also means that the assessment process can be relatively light touch and that payments should therefore be made promptly.
19. Based on the application and award data from previous grant schemes, the ARG could support approximately 3,500 local micro and small businesses.
20. Given that the assessment process is yet to be completed for ARG Round One applications, and Tier 3 restrictions are different from those during the national lockdown in that markets, shops, gyms and personal care services (such as hairdressing) can stay open, we will have another 'light touch' application process for Round Two. However, we will also explore the option of fast-tracking further awards to those previously successful in Round One where they continue to meet eligibility criteria.

Administration

21. The ARG fund guidance and criteria will be published and advertised through council channels, business networks and our business mailing list. Businesses will need to complete an e-form and provide support evidence at the time of application.
22. A virtual panel consisting of officers from the Local Economy Team and others from across the council as required will meet to assess the applications and make recommendations to the Chief Executive.
23. The Chief Executive will have discretion to make grant awards outside of the standard eligibility criteria detailed in para 15, and the award rates set out in the table in para 17, based on exceptional circumstances.
24. In all cases, applicants will confirm their acceptance of grant award terms via the application form to expedite payment.
25. The council has recent (Business Hardship Fund and Local Authority Discretionary Grant Fund) and current (ARG Round One) experience in operating such funds. The learning gained from administering these funds will be applied and the principles and processes replicated as appropriate. Given the pressures facing businesses, the ARG will need to continue to operate swiftly and be available to applicants within days of the recommendations in this report being agreed. It is therefore proposed that IDMs for multiple grant award decisions be made via Chief Executive Officer.

26. As a discretionary scheme, there will be no formal appeals process. Where an application for the ARG is refused, any appeal received in writing may be considered to ensure that due process has been followed correctly.

Policy implications

27. The ARG is a welcome addition to the recent package of business support measures announced by the government. It recognises the adverse impacts of covid-related restrictions on local economies and goes some way to providing funds that will help local businesses to survive the current unfavourable economic conditions.
28. The ARG will help to support the council plan commitment for a green and fair economic renewal by helping to safeguard jobs, support businesses to survive and building a more resilient economy.

Community impact statement

29. A wide range of communication channels will be used to reach micro and small businesses owners, including those from underrepresented groups, so that they are aware of the ARG. This includes working with a number of referral and local network partners and community organisations to help ensure that access to the fund is communicated at grass roots level.
30. The ARG application eform contains a detailed equalities section so that we can monitor whether a business is BAME-led (and what ethnicity background), Female-led and Disability-led.
31. Equalities monitoring from the Local Authority Discretionary Grant Fund shows that around 40% of applications to that fund came from BAME-led businesses and that 32% of grant awards went to BAME-led businesses. Female-led business accounted for 34% of all applications and received 36% of total grant awards. Joint BAME and female-led businesses accounted for 13% of the total grants awarded.
32. Due regard to the Public Sector Equality Duty will be given to the administration of the ARG and equalities monitoring of allocated funds will be undertaken.

Resource implications

33. Existing staff within the Local Economy Team will undertake the vast majority of the work administering the ARG scheme. However, some additional resource may be requested to ensure that sufficient resources are allocated to the process and ensure that payments are made to businesses in a timely manner.
34. A virtual panel consisting of officers from the Local Economy Team and others as appropriate will meet to assess the applicants and make recommendations to the Chief Executive.
35. Local authorities will be required to report on their progress in delivering the

ARG weekly to BEIS alongside the reporting for LRSG schemes.

Financial implications

36. Funds from the ARG will be allocated via an application process that will have an initial 3-week application window. Following the emergence from the 'very high' restrictions, any remaining funds will be assessed to determine appropriate next steps. For example, there is the possibility of rolling the scheme on, awarding further grants to those from previous rounds, and opening up applications from others who may not have applied previously.
37. The funding mechanism for the ARG is set out in the guidance for local authorities document (see background papers).
38. Southwark council has been allocated a total of £6,376,600 for the ARG.
39. The Local Economy Team maintains a detailed reconciliation of all grant allocations from various reports to ensure these are contained within the available funding of £6,376,000.
40. Funding for Round One of the ARG is estimated to be £1.12m. This leaves sufficient funds for a further round of funding, covering the 28-day period from 16 December 2020 to 13 January 2021.
41. To ensure that the ARG programme remains within budget, an assessment of remaining funds will be made before determining any future rounds of ARG that may be authorised under the scope of this report.
42. All staffing and other costs connected with this report will be contained within existing departmental revenue budgets.

Consultation

43. The global emergency and the UK government's response continue to develop at a fast pace. The ARG has been made available to Local Authorities in recognition of the adverse impact on local economies caused by the restrictions put in place to control the spread of Covid-19.
44. Lead officers in the Local Economy Team are working in partnership with colleagues across Exchequer Services to co-ordinate the council's LRSG and ARG schemes. We are also working closely with London Councils over the implementation of the ARG to ensure a consistent approach and identify best practice from other London boroughs.
45. As a government scheme which seeks to ensure that grants are awarded to businesses in an expedited manner, a consultation is not considered to be appropriate.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

46. The Additional Restrictions Grant scheme is intended to provide assistance to businesses which either have closed (and do not pay business rates) or have not closed but nevertheless have been impacted by Covid-19. Southwark has discretion to determine its own eligibility criteria for making grants, in addition to the national eligibility criteria. The criteria set out in this report are therefore in line with the national scheme.
47. The decision is appropriately identified as a key decision under the council's constitution. The constitution provides for a decision of this nature to be taken by an individual cabinet member. The member is advised to give due consideration to the council's equality duties as addressed in the community impact statement, and to the reasons why consultation is not appropriate in this instance in order to expedite the scheme.

Strategic Director of Finance and Governance (CE20/063)

48. This report is requesting Cabinet Member for Jobs, Culture and Skills to agree that a Second Round of the Additional Restrictions Grant scheme is launched immediately in response to Southwark entering into 'very high' local restrictions (Tier 3) on 16 December 2020 and that future decisions on recommended grant awards made through the Additional Restrictions Grant scheme will be delegated to the Chief Executive, on recommendation of the assessment panel.
49. This report is also requesting Cabinet Member for Jobs, Culture and Skills to agree that the additional rounds of the Additional Restrictions Grant scheme are launched as appropriate under the same conditions in the event that there are further periods where Southwark enters into 'very high' local restrictions, or remains in Tier 3 for a sustained period (longer than 4 weeks),
50. The strategic director of finance and governance notes that grants mentioned in this report will be funded from the Additional Restrictions Grant scheme (i.e. ARG) of £6,376,000 approved by Department for Business, Energy and Industrial Strategy.
51. The strategic director of finance and governance also notes that a detailed reconciliation will be maintained of all grant allocations from the ARG funds to ensure all payments are contained within the available funding.
52. It is noted that all staffing and other costs connected with this report will be contained within existing departmental revenue budgets.

REASONS FOR URGENCY

53. Due to the unprecedented circumstances presented by the COVID-19 pandemic and its immediate impacts on local businesses, this report requires urgent approval, so that the ARG can be established with immediate effect and grants distributed to local business in desperate financial need in an expedite

manner.

54. Delays to the decision making process is likely to increase the hardship for local businesses which may lead to job losses and business failures.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Additional Restrictions Grant – Local Authority Guidance https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities	n/a	n/a
Implementation of the Additional Restrictions Grant scheme http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=7204&EVT=103	n/a	Matthew Little, Principal Officer, Local Economy Team Matthew.little@southwark.gov.uk

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Stephen Gaskell, Director of Response and Renewal	
Report Author	Matthew Little, Principal Strategy Officer	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
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