

<b>Classification</b>	<b>Item No.</b>
<b>Open / Closed</b>	

<b>Meeting:</b>	Cabinet
<b>Meeting date:</b>	20 <sup>th</sup> January 2020
<b>Title of report:</b>	<b>Additional Restrictions Grant – Phase 2</b>
<b>Report by:</b>	Cllr E O’Brien – Growth Portfolio
<b>Decision Type:</b>	<b>Key Decision</b>
<b>Ward(s) to which report relates</b>	<b>All</b>

## Executive Summary:

Following updated Government announcement following the third National lockdown the Council is now working proactively to bring forward a package of support to go to critical businesses in the first quarter of the new-year. This Cabinet paper is seeking approval to bring forward a major package of support to key strategic businesses and employers.

## Key considerations

### 1. Background

- 1.1 Greater Manchester has been allocated £60m Additional Restrictions Grant (ARG), a payment from Government under a national formula. Bury’s share is £4.1m to allocate over 20/21 and 21/22 financial year. Since the advent of the third national lockdown there has been a commitment to further financial support, we are still working through the implications of this.

- 1.2 This paper gives an update on the current allocation of grant and further proposals for consideration on how the grant is allocated strategically to support further cohorts of business sectors, introducing a specific scheme to be able to apply discretion in accordance with our economic landscape.
- 1.3 The Government advised Local Authorities at the start of November that the funding was available for support up to March 2022 and that top up funding would not be made available should authorities overspend, even if there was a move back into a higher level of restrictions at a later date.
- 1.4 The Council worked at rapid speed to bring forward an initial grant implementation programme and to develop Phase 1 criteria for the utilisation of the grant. This approach reflected that which had previously been adopted when discretionary funds had been made available earlier in the year and had proven to be an effective approach as it enabled funds to be allocated in a planned way and provided an opportunity to bring in new cohorts of businesses in later phases as new and emerging needs arose. The recommendations approved on 23<sup>rd</sup> of November following consultation with the Emergency Powers Group (EPG) and began administering the programme from the 2<sup>nd</sup> of December.
- 1.5 Phase 1 criteria focussed on some of the key businesses in the borough including Market Traders, childcare organisations and those in the supply chain of businesses forced to close. Those businesses who were eligible have been receiving payments, and will continue to receive an automated payment every 28-days until such time lock-down is removed or the funding envelope is exhausted.
- 1.6 However, it became clearer in December that the context under which the business grants had been considered was rapidly changing. In mid-December infection rates were falling across Greater Manchester, there was speculation of parts of GM moving to Tier 2 and the new vaccine had added to hopes the economy could begin re-opening in the new-year. By the advent of Christmas week it had become clear the new South African strand of the virus was having a devastating impact on infection rates across the UK. This resulted in a further national lockdown and restrictions that have impacted further on our businesses.
- 1.7 In response to this, the Chancellor announced in January that top-up funding to the Additional Restrictions Grant will be made available. Additional grants through the Local Restrictions Grants process have been announced. This announcement signalled a significant change in the funding position for Additional Restrictions Grant.
- 1.8 The Council is now working proactively to bring forward a package of support to go to critical businesses in the first quarter of the new-year. This Cabinet paper is seeking approval to bring forward a major package of support to enable key strategic businesses and employers survive to a point where we are hopeful the economy can begin to reopen.

- 1.9 There is considerable pressure from Government to distribute the Additional Restrictions Grant at speed. This is a clear change of position from the advice we received in November. It is clear there is a strategic case to move to distributing the funding at a faster rate, but the fact remains that the Council must ensure that we guard against fraud and protect the funds to ensure they both go to those in the most need and to those businesses which are strategically important to the future of the Borough.
- 1.10 Despite saying that no further grant awards would be made to support local discretionary grant, the Government has changed policy on this as well, allocating further funding on the announcement of the third national lockdown. The final sum has not been confirmed, but we believe it will be in the region of £2m.

## **2 Current Position**

- 2.1 The initial roll out of ARG which opened for applications on the 2 December 2020 supports the following businesses:
- Bury and Radcliffe market traders;
  - Companies within the events sector;
  - Companies in the retail, hospitality and leisure sectors - who are legally required to close, occupy a rateable premise, but do not pay rates;
  - Companies whose main service is supplying businesses legally required to close in the retail, hospitality and leisure sector; and
  - Childcare organisations within commercial settings.
- 2.2 As of 14 January 2021, a total of £120,000 has been allocated to business eligible from the Phase 1 criteria. (There do however remain a small number of applications pre 24<sup>th</sup> December still to process). All of these allocations will receive a further payment for the subsequent periods of restrictions that will be repeated until restrictions are lifted. All successful applicants will have their payments backdated to the 23<sup>rd</sup> of October.
- 2.3 The number applications has not been as high as the initial Discretionary Grant operated from March 2020 until August 2020. This is because the ARG is more focused to reflect the LRSG (which has a lower payment level). In dialogue with other GM districts it is also anecdotally noted that the smaller amount of grant funding may be a factor. Prior to launching the last wave of ARG we took the decision that the funding awards should be aligned to those distributed by Government to closed businesses.
- 2.4 In agreement with the Business Rates Team we have agreed that they can refer applications from their Local Restrictions Support Grant (LRSG). These are refused applications that they are not able to support because of national eligibility criteria but where they feel there is a case for a discretionary award. If they can be supported through ARG then we will allocate grant funding.

### **3 Options for Consideration**

- 3.1 This section presents some additional scope for the ARG in Bury including the forthcoming additional discretionary fund flowing from the third lockdown period.
- 3.2 Our strategic approach has changed in line with a changing national picture. We had planned on using the discretionary grants over the next 12 months to support businesses in the economy move towards recovering and reopening. But with a new national lock-down upon us we are now prioritising the distribution of grants over the next few months to help companies at threat of closure of severe retraction because of the lockdown measures.
- 3.3 We are proposing that the 'Bury Business Grants Programme' now contain three new groups of target beneficiary. These are:
1. Key strategic businesses who if they were to close would harm the Borough's economic capacity
  2. Key employment generators. Companies who support the employment base of the Borough
  3. Micro businesses who have not previously benefitted from support programmes

#### **3.4 'Strategic Businesses Support Fund'**

This is a fund targeted at Bury businesses who trade in sectors which are driven primarily by either national or international markets and are severely impacted by restrictions. This is economic activity which if it were to be lost would represent a permanent loss of productive capacity within the Bury economy. These could be businesses in manufacturing or production sectors, or businesses which can demonstrate their principal income is not derived through the local economy.

The businesses must demonstrate the impact that the lockdown has had on their business. The grant award will be based on safeguarding jobs and payments of up to £25k per-business entity may be made. The company must be located in Bury and not be part of a multi-national or international organisation unless there is evidence that without support local jobs will be at risk and a declaration of any other grant awards received by the company (or its parent company or subsidiaries in the UK)

This fund will be capped and allocated on a first come first allocated basis. The Council will review the fund and makes strategic decisions if demand outstrips the funding envelope allocated to it.

The funding formula:

Rateable Value	Grant Payment Amount
Up to 15,000	£10,000
£15,000 - £51,000	£15,000
> £51,000	£25,000

There is a requirement for all grants made under this scheme to be state aid compliant.

We are proposing to cap the fund at £1m. The Council reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.

### **3.5 Key Employment Generators Support Programme**

This is a fund is targeted at businesses that are critical to retaining the employment base of the Borough. This is a top up fund allocated to those businesses who may have received support through the LRSg (closed) scheme.

Priority for this fund is based on published key sectors that are crucial to the Bury economy and employ a significant number of employees. Businesses must directly employ more than 10 employees.

- Manufacturing
- Logistics
- Creative and Digital
- Business Financial and Professional Services

The businesses must demonstrate the impact that the lockdown has had on their business. The company must be located in Bury and not be part of a multi-national or international organisation unless there is evidence that without support local jobs will be at risk.

This fund is capped at £1m. The Council reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.

The proposed funding formula is as follows:

Rateable Value/equivalent fixed cost	Grant Payment Amount
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Up to 15,000	£10,000
£15,000 - £51,000	£15,000
> £51,000	£25,000

### 3.6 Small and Micro Business Support Fund

This is a fund to support those businesses that fall outside of the scope of Local Restrictions Support Grant and Additional Restrictions Grant. This fund is to support those businesses that do not have monthly commercial property costs but can provide evidence of monthly fixed asset costs that is fundamental to the operating of the business. This may be:

- A company vehicle that belongs to the business and is crucial to operating the business
- Storage space that belongs to the business and is crucial to operating the business
- Rent of specialist equipment or software that is crucial to the business
- Rent of chair/beauty couch/massage table within a health, beauty or male grooming business.

This fund will require evidence of such costs and financial records such as bank statements to demonstrate severe impact to their business. Applicants will also need to provide proof of identity, driving licence/passport. Applicants in receipt of tax credits and/or other benefits which are assessed based on income, must notify the relevant agency immediately if they are awarded as grant as this may affect their entitlement.

The latest evidence shows that there are 7,755 businesses that employ between zero and nine people. 75% (5,865) of these are estimated to have no employees at all (other than the owner).

The funding formula will reflect payments made to business that have a rateable value under LRSG (closed) and (open).

<b>Business related fixed asset costs</b>	<b>ARG Payment (Closed)</b>	<b>ARG Payment (Open)</b>
Under £15k pa	£1,334	£677

Payments will be made every 28 days until restrictions are lifted and the business can return to trading or at the point there is no more discretionary funding available. Applications will be dealt with on a first come first served principle, but with projects only logged into the system if all the required information is provided.

The grant is not a wage supplement. The JRS and SEISS is the Government programme to support wages. Applicants are asked to agree to be referred to the Greater Manchester 'Enterprising You' programme. This is funded programme to support the self-employed, those working in the Gig economy and small business owners. The referral is intended to give applicants access to support to grow or maintain their business.

#### 4. RISKS

The risk of not deploying support effectively and at pace will have a negative impact on the local economy, in terms of business closures, redundancies and a reduction in business rates and council tax revenue now and in the future. This support will contribute to safeguarding local jobs and maintain some spend in the local economy.

There is a risk that Council's under pressure to 'spend the money' fail to undertake proper checks and due-diligence on applicants. A balance between administrative efficiency and proper safeguards of public money is important to achieve.

#### 5. FINANCIAL IMPLICATIONS (estimated)

Name of Grant	Current	Recurrent until April 2021
ARG Phase 1	£100,000	£600,000
Strategic Businesses Support Programme (£1m)	Capped at £1m	Reviewed when reached capped amount of £1m
Local Discretionary Grant	Capped at £600k	Reviewed when allocated
Local Employment Support Programme	Capped at £1m	Reviewed when reached capped amount of £1m

The figures presented above are estimations.

We will keep under regular review the level of funding allocated through the four funds, and based on the delivery performance of each fund, will allocate the residual funds remaining from the c£6m grant award once we have reviewed performance.

It will be made clear that the monthly recurring payments will only be made for so long as we are in a high level lockdown or by the point at which we have exhausted the resource envelope.

The Council will reserve the right to vary the terms of the scheme, at any time and without notice, should it be necessary to do so.

## 6. LEGAL IMPLICATIONS

As set out in this report. Grants will be issued on a wholly discretionary basis.

## 7. RECOMMENDATIONS

This approach has been trialled with the Bury Business Leadership Group who have requested that we work with them to design administrative processes that are as streamlined as possible. Depending upon the steer of informal Cabinet it is proposed that this paper be modified and presented to full Cabinet on the 20<sup>th</sup> of January. We will use the time ahead of this to make progress on designing forms and systems, creating a PR strategy to encourage uptake and to ensure our Business Support Team has adequate capacity to manage the funds.

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### Community impact/links with Community Strategy

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#### Equality Impact and considerations:

*Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

*A public authority must, in the exercise of its functions, have due regard to the need to -*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

<b>Equality Analysis</b>	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>

*\*Please note: Approval of a cabinet report is paused when the 'Equality/Diversity implications' section is left blank and approval will only be considered when this section is completed.*

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### **Assessment of Risk:**

The following risks apply to the decision:

<b>Risk / opportunity</b>	<b>Mitigation</b>
The grant allocation is not defrayed to eligible Bury businesses in an efficient and speedy manner.  Strategic allocation of grant with regular reviews of funding envelope.	Additional resources are made available to the Economic Development Team.  A Finance officer is assigned to the Economic Development Team..

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### **Consultation:**

Informal Cabinet and Scrutiny Committee briefed.

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### **Legal Implications:**

The proposals are in line with the Council's ongoing response to the current Covid situation. They do not give rise to any legal implications, but clarity around the eligibility criteria for certain elements will be required due to the discretionary nature of the grants. The potential for a funding gap will need to be monitored. The risks noted in the report must be addressed and a failure to do so could lead to legal challenge, financial and reputational risk.

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### **Financial Implications:**

The cost of the proposals can be met from the grant available. The thresholds set in the report for the individual workstreams provide additional controls and governance and ensure that the overall position can be monitored as and when streams are fully allocated.

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### **Report Author and Contact Details:**

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**Background papers:**

Previous EPG and Cabinet Papers

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning