

URGENT DECISION FORM

TO BE UPLOADED ON TO THE INTERNET BY DEMOCRATIC SERVICES

Date: 23 November 2020	Ref No:	
Type of Decision:		
Cabinet Decision	<input type="checkbox"/>	Council Decision
Key	X	Non-Key
Subject matter:		
Local Restriction Support Grants		
Reason for Urgency:		
The grant has been made available to the Council to support businesses. Any delay in approval of the grants will delay payments being made to businesses affected by Covid.		
Freedom of Information Status		
Equality Impact Assessment		
[Does this decision change policy, procedure or working practice or negatively impact on a group of people? If yes – complete EIA and summarise issues identified and recommendations – forward EIA to Corporate HR]		
Decision taken:		
<ul style="list-style-type: none"> • Approve the acceptance of the grants as set out in the report and approve the payment arrangements to businesses. • Approve that any shortfall in the Local Restrictions Grant (Open) be met from the Additional Restrictions Grant 		
Decision taken by:	Signature:	Date:
Chief/Senior Officer/Cabinet Chair		
After consultation with:		

Cabinet Member (if a Key Decision) or Chair or Lead Member (as appropriate)		
If it is a Key Decision, the Chair of Scrutiny Committee to agree that the decision cannot be deferred		
Opposition Leader or nominated spokesperson (Council Decision) or Leader or Majority Group Member on Overview and Scrutiny Committee (if a Key Decision) to agree that the decision cannot be deferred		
Leader of second largest Opposition Group (if a Key/Council Decision) to agree that the decision cannot be deferred		

1 Introduction

- 1.1 The government has made available a number of grants to support businesses affected by Covid-19. Some of the grants are nationally mandated, have separate funding allocations and must be paid out on the basis of the agreed qualifying criteria set by the government. These are called the Local Restrictions Support Grants (LRSg). The LRSgs were initially split between 'closed' and 'open', the definition of which simply means those business that have been forced to close as a result of the restriction and those that have been able to stay open but have been significantly impacted financially.
- 1.2 The LRSgs cover the periods in Tier 2 and Tier 3 and through an added Addendum category the current National Lockdown period. Tier 2 funding is essentially backdated to the 5th August in recognition of the fact that businesses in the region have been affected significantly as a result of the Local Restrictions imposed at that time. Tier 3 is an enhanced payment for those businesses further impacted by the increased restrictions from 23rd October, principally covering "wet" pubs.
- 1.3 In addition to these, the government has made an award to the Greater Manchester Combined Authority for an Additional Restrictions Grant (ARG). This grant is available for Local Authorities to determine a discretionary scheme that best supports their businesses. Details of the ARG are set out in a separate report.

2 BACKGROUND

Local Restriction Support Grants (LRSg)

- 2.1 A total of 4 LRSgs have been announced, each with their own criteria and funding allocations.

1) Local Restrictions Support Grant (Open)

- 2.2 This grant has been made available to Local authorities in High (Tier 2) in any period from 5th August to 4th November. Bury has been awarded £1.618m. The scheme is

available to affected businesses in the hospitality, accommodation and leisure businesses.

- 2.3 This funding allows each Local Authority to run a discretionary grant scheme to support those businesses impacted by the LCAL High restrictions and which have a liability to pay Business Rates direct to the Authority. This scheme will be subject to a simple application process.
- 2.4 Government has announced the following funding tiers as a guide for Local Authorities and say they would anticipate that Local Authorities provide grant funding under the following tiers, unless there is a local economic need to deviate:
- Grants of £934 per 28-day period for businesses occupying hereditaments with a rateable value of exactly £15,000 or under on the date of the commencement of the local restrictions.
 - Grants of £1,400 per 28-day period for businesses occupying hereditaments with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the local restrictions.
 - Grants of £2,100 per 28-day period for businesses occupying hereditaments with a rateable value of exactly £51,000 or above on the date of the commencement of the local restrictions.
- 2.5 This funding is equivalent to 70% of the grants provided to legally closed businesses in LCAL Very High areas via LRSG (Closed) and to closed businesses when national restrictions apply via LRSG (Closed) Addendum. The funding has been set by the Department for Business Energy and Industrial Strategy (BEIS) using information from the Valuation Office Agency (VOA) and not by information provided by the Authority.
- 2.6 The funding also includes an amount of 5% to be used for businesses affected but that do not pay Business Rates such as Bury Market stall holders.
- 2.7 The funding provided does not cover all businesses who have a rateable value and so pay Business Rates. This has been queried with BEIS by the Council and across AGMA and on a National basis by other Authority's. BEIS have made it clear that no further funding will be made available and any shortfall should be managed locally options available could be by either adapting the amount paid per business, reducing the number of eligible businesses or by using the Additional Restrictions Grant (ARG)

2) Local Restrictions Support Grant (Closed)

- 2.8 This is a mandatory grant and we are awaiting confirmation of the allocation for Bury. This grant has been made available to Local Authorities for any time they have been in LCAL Very High (Tier 3). For Bury the period affected is 23 October to 5 November. The Authority provided estimated numbers of Businesses affected and funding was then set by BEIS to allow that payments be made to all eligible businesses. Initial allocations will be provided by BEIS and any additional funding required to pay this grant will be provided by BEIS over the coming weeks.
- 2.9 Payments are to be made as follows:
- 3) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under, on the date of the commencement of the local restrictions, will receive a payment of £667 per 14-day qualifying restriction period.
 - 4) Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the local restrictions will receive a payment of £1,000 per 14-day qualifying restriction period.

- 5) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the local restrictions, will receive £1,500 per 14-day qualifying restriction period.

3) Local Restrictions Support Grant (Closed) Addendum

2.10 This is a mandatory grant and the allocation for Bury is £3.013m. It is available for businesses that have a rateable value and covers the national lockdown period of Thursday 5 November to Wednesday 2 December. One payment to cover the four-week period will be paid to each eligible business. The grant amounts are fixed. Businesses with more than one qualifying property will receive more than one grant. The rate of payment for eligible businesses is:

- For properties with a rateable value of £15k or under, grants to be £1,334 per four weeks;
- For properties with a rateable value of over £15k and below £51k, grants to be £2,000 per four weeks;
- For properties with a rateable value of £51k or over, grants to be £3,000 per four weeks.

2.11 If the £3.013m is insufficient to meet the amount needed, top-up payments will be made by Central Government so each Local Authority has the funding it needs.

4) Local Restriction Support Grant (Sector)

2.12 This grant has been provided to support those businesses that were required to close in March and which have never been able to re-open (for example nightclubs). Grants of up to £3,000 for every four week period that they have to remain closed. There is however no back-dating of the scheme, it began 1st November 2020. Bury does not have any qualifying businesses as the one nightclub reopened as a wine bar

3 ACCESSING THE GRANTS

3.1 The Council has launched its website that includes an application form for LRSGs. The communications team are also promoting the grants through various communications channels and communication strategies to make sure that businesses are aware of what is available and how to apply.

3.2 It is important to note that the required changes to the business rates computer system that would enable a faster and more efficient processing route cannot be made for approximately 4 weeks and therefore a more manual processes will be needed. This is a system issue that affects all councils and is not unique to Bury.

3.3 Processes have been drafted and will incorporate the necessary checks to make sure payments are only made to eligible business and that the chances of any fraud are minimised.

4 PAYMENT PROPOSALS

Local Restrictions Support Grant (Sector)

4.1 We do not believe we have any in Bury but if any are identified we will make a pro-rata payment under LRSG (sector) for the period 1/11/20 to 4/11/2020 until businesses become eligible for the LRSG (closed) addendum for the 5/11/20 to 2/12/20 and if national lockdown ends a new payment under LRSG (Sector) from the 3/12/20

Local Restrictions Support Grant (Closed) Addendum

- 4.2 A single payment to cover the period of 28 days, 5/11/20 to 2/12/20, will be made to all businesses, who are responsible for paying Business Rates and forced to close under the National scheme. This payment will be paid as soon as possible after receipt of the application form. Payments will continue if National lockdown continues; otherwise payments will continue to be made under the tier Bury goes into after national lockdown ends - LRSG (Closed) or LRSG (Open) after the appropriate qualifying period

Local Restrictions Support Grant (Closed)

- 4.3 A single (apportioned) payment to cover the 13 days period 23/10/20 to 4/11/20 will be made to businesses, who are responsible for paying Business Rates and forced to close due to tier 3 restrictions in AGMA from the 23rd October 2020. Should National lockdown end payments will continue to be made under the tier Bury goes into after national lockdown ends - LRSG (Closed) or LRSG (Open) after the appropriate qualifying period.

Local Restrictions Support Grant (Open)

- 4.4 A backdated payment will be made to the 5th August 2020 for all businesses, who are responsible for paying Business Rates, who may have been severely affected by the local restrictions put in place by the Government under Tier 2. The impacted businesses have been identified by the Government and funding provided by way of a grant. A payment will be made without the need for the Business to prove they have been severely affected.
- 4.5 In the event that the value of payments made exceeds the funding available it is proposed that the shortfall be met from the Additional Restrictions Grant. This approach will enable the Council to make these payments with immediate effect and will avoid further administrative burden of issuing grants separately. The alternative options would be to assess all claims received and reduce the payments made. This approach will add significant delays to the process and the proposed approach is in line with that recommended by BEIS.
- 4.6 Current estimates suggest that the Tier 2 funding is between £600k and £750k under the amount required. We are unable to provide a more accurate estimate, at this time, because the scheme provides for businesses working within certain sectors – this is not data held within the business rates system. The estimate has been prepared by examining property descriptions and business names to best determine those fitting within hospitality, hotel, bed & breakfast and leisure businesses.

Financial implications

The government has provide grants to cover the payments to be made. For the schemes that are not covered by top up arrangements, he shortfall with be met from the Additional Restrictions Grant (ARG).

Legal implications

The proposals are in line with the Council's ongoing response to the current Covid situation and allocations of financial support. They do not give rise to any legal implications, but clarity around any of the eligibility criteria for certain elements will be required. The risks noted in the report must be addressed and a failure to do so could lead to legal challenge, financial and reputational risk. In addition the financial risk around areas of uncertainty on allocation of funding needs to be monitored.

Associated Risks

The risks of not proceeding on his basis will mean that businesses affected by Covid do not receive grant funding in a timely manner.

Conclusion

To:

- Approve the acceptance of the grants as set out in the report and approve the payment arrangements to businesses.
- Approve that any shortfall in the Local Restrictions Grant (Open) be met from the Additional Restrictions Grant

Lisa Kitto
Interim Director of Financial Transformation
20 November 2020