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| Classification | Item No. |
| Open | |

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| Meeting: | Cabinet |
| Meeting date: | 24 th March 2021 |
| Title of report: | Additional Restrictions Grant – Phase 3 |
| Report by: | Cllr. Eamonn O’Brien (Leader) – Cabinet Member for Finance and Growth |
| Decision Type: | Key Decision |
| Ward(s) to which report relates | All |

Executive Summary:

Cabinet is requested to approve a modification to the Additional Restrictions Grant (ARG) programme prospectus to ensure full deployment of the resources provided by Government. Following further allocation of resource under the ARG (Additional Restrictions Grant) the Council has a total of £5.73m to distribute to businesses. The ARG (Phase 3) Prospects identifies a series of new categories of support, which have now been designed to work alongside the timetable Government has set-out nationally for the ultimate lifting of restrictions by June 2021. The strategic approach of the Council contains a much greater focus on supporting our business community in a recovery phase and in particular our key town centres, which must overcome the impact of being largely closed for the past 12 months.

Key considerations

1 Background

- 1.1 On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local COVID Alert Level 3 restrictions.
- 1.2 This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. The scheme is called the Additional Restrictions Grant (ARG) and is administered by business rate billing authorities in England.
- 1.3 The ARG provides local councils with grant funding to support closed businesses that do not directly pay business rates as well as businesses that do not have to close but which are impacted by the restrictions elsewhere. In addition, larger grants can be given than those made through the previous Local Restrictions Support Grant (which is now closed).
- 1.4 Local councils can decide which businesses to target and determine the amount of funding from the ARG. They also have the freedom to set the eligibility criteria for these grants. However, there is an expectation that the funding will be used to help those businesses which, while not legally forced to close, are nonetheless severely impacted by the restrictions. Examples of these categories of business include:
 - businesses which supply the retail, hospitality, and leisure sectors;
 - businesses in the tourism and events sectors; and
 - businesses required to close but which do not pay business rates.
- 1.5 Initially, Greater Manchester was allocated £60m in ARG from the Government under a national formula. Bury's share of this was £4.1m. However, following the announcement of the third national lockdown by Government, Bury received a further allocation which has brought the total funding to £5,737,574.
- 1.6 The Council has been allocating the ARG to business under two initial phases that were designed to support businesses in line with national guidelines.
- 1.7 However, as circumstances have changed, it is proposed that a Phase 3 is now approved to enable targeted and prompt distribution of the remaining ARG monies. This phase has been designed to reflect local and national priorities and to ensure that the ARG is strategically allocated to support those most severely impacted in line with the roadmap and recovery plans.

2. Promotion of ARG – Bury B-Ready Campaign

- 2.1 The Economic Development Team have promoted each stage of the ARG and all other business support via:
 - Bury Means Business Weekly E newsletter (subscriptions continue to increase daily, widening the Councils reach to the Bury business base)
 - Bury Means Business and partner organisations social media channels

- 2.2 Further promotional activity will be delivered, proactively engaging with the business base:
- Internal Communications Team will support the simplification of language whilst still including key information that we must include (State Aide, tax liability, due diligence).
 - Internal Communication Team will continue to support with targeted social media activity.
 - GM Chamber of Commerce to promote the Strategic Business Fund.
 - GM Growth Hub to promote with key business sectors, manufacturing, Digital and Creative etc.
 - The VCFA will share key messages via their networks.
 - Best of Bury will share key messages amongst their networks.
 - The Federation of Small Businesses will share amongst their networks.
 - The Town Centre Management Boards will share with independent retailers across town centers and high streets within a defined perimeter.
 - Advertorial in the Bury Times
 - Advertorial in Your Bury magazine (60,00 households across the borough)
- 2.3 Wrap around support has been integral to our response to applicants regardless of their eligibility. The Business Rates Team and the Economic Development Team have worked collaboratively to provide a range of support to the Bury business community. This includes the following types of support:
- Health and Wellbeing support for employees
 - Signposting to wider business support through our partners
 - Funded mental health support
 - Signposting to DWP and Employ GM
 - Skills Support for the Workforce
- 2.4 It is proposed to use the established B-Ready branding to incorporate ARG Phase 3 into wider recovery support, this will include the town centre campaigns funded by the Safe Reopening Fund.
- 2.5 Communication activity will reiterate that financial support is to cover safe reopening and business fixed costs and not to replace lost income. This has always been made explicit in the guidance that accompanies the application process.

3. Previous phases of ARG

- 3.1 The Phase 1 roll-out of ARG commenced on 2 December 2020 and this was followed by Phase 2 which commenced on 22 January 2021. Phases 1 and 2 have now closed.

Phase 1 Programme

- 3.2 The initial roll out of ARG focused on supporting 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.
- 3.3 Those businesses that were eligible have been receiving payments. Forward payments have been paid up until the 15 February 2021. Where eligible, these organisations will continue to receive payments up until the 12 April 2021. This will be reviewed post 12 April 2021 in line with the Government position on reopening at that point.

Phase 2 Programme

- 3.4 Phase 2 focused on supporting the following businesses.
- Key strategic businesses who if they were to close would harm the Borough's economic capacity
 - Key employment generators, including those companies which support the employment base of the Borough
 - Small and Micro businesses that have not previously benefitted from support programmes

Progress on Implementing Phase 1 and Phase 2 programmes

- 3.5 Phases 1 and 2 of the ARG are now closed.
- 3.6 To date, the Council has received a total of 867 applications for both Phase 1 and 2. It is important to note, however, that not all the applications are eligible for grant assistance and some have not passed the due diligence tests.
- 3.7 As of 16 March 2021, a total of £1,891,748.61 of grant has been allocated with further payments being processed daily. Further payments will be made to successful applicants up until the 12 April 2021 when their status will be reviewed.
- 3.8 In agreement with the Business Rates Team, we have continued to consider applications forwarded from the team managing the Local Restrictions Support

Grant (LRSG). There are often circumstances where a strong case for grant is evident, but because of national criteria a payment cannot be made through the LRG fund. The Council has used the ARG fund to make 87 grant awards to date.

- 3.9 Because of the rolling nature of payments to applicants through Phase 1 of the ARG programme we will automatically continue to utilise the Government allocation to Bury. However, this alone will not spend the allocation awarded to Bury Council by Government, which is why we are now seeking to extend the scope and scale of the ARG programme.
- 3.10 Whilst we are proposing to extend the scope of the ARG programme, the Council will continue to administer applications from businesses who approach us with a proposal which meets the criteria of Phase 1 and 2.

4. Phase 3 proposals

- 4.1 The Council now can plan to use grants in line with a clear timetable for the re-opening of the economy. This was not the position when the funds were first allocated to the Council in late 2020 when we were in a position where infections were increasing, and we were headed towards a third national lockdown.
- 4.2 That is why we are proposing to change our approach for Phase 3 as we can now plan alongside a clear national timetable for re-opening. This means that the emphasis for the next phase is being placed much more on the safe re-opening of key businesses in the Borough's town centres, supporting businesses grow out of the pandemic and supporting key visitor infrastructure re-open for business.
- 4.3 This change of emphasis aligns with a recent decision made by the Council to provide additional support for businesses.
- Spring/Summer Safe Reopening Support - Town Centres and major High Streets;
 - Enhanced digital transformation support; and
 - Enhanced boroughwide marketing support to encourage 'shop local'
- 4.4 The detailed Prospectus for Phase 3, laying out the categories of support, the levels of proposed funding awards and other measures is attached to this Cabinet report.

5. Risks

- 5.1 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.

- 5.2 There is a significant risk that pressure to distribute the money quickly without proper due diligence mean that the ARG is not necessarily be awarded to those most in need. A balance between administrative efficiency and proper safeguards of public money is important to achieve.

6 RECOMMENDATIONS

- 6.1 It is recommended that Phase 3 prospectus is approved by Cabinet.

Community impact/links with Community Strategy

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.

| Equality Analysis | Please provide a written explanation of the outcome(s) of either conducting an initial or full EA. |
|---|--|
| It is important that all sections of our business community are able to reach and obtain information on the availability of grants, and we recognise that on occasion it is necessary to put additional support measures in place to assist with the application process. These are measures we put in place when administering the Phase 1 and Phase 2 programmes. We will seek to use a wide range of media tools to publicise the availability of the grants and we will ensure all new staff administering this programme will provide the best support possible to all applicants. | |

**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.*

Assessment of Risk:

The following risks apply to the decision:

| Risk / opportunity | Mitigation |
|---|---|
| The grant allocation is not defrayed to eligible Bury businesses in an efficient and speedy manner. | Additional resources are made available to the Economic Development Team. |
| If an increase in allocation is not realised there is a potential risk of a reduced amount of additional funding to Bury. | Phase 3 is launched and promoted. |
| Strategic allocation of grant with regular reviews of funding envelope. | Finance officer is assigned to the Economic Development Team. |

Consultation:

Informal Cabinet and Scrutiny Committee briefed.

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.

Financial Implications:

Financial Implications – ARG £5,737,574

The total allocation of ARG is £5,737,574. Projected spend by the 12th of April 2021 is estimated at £1.6m. The residual funding will continue to support phase 1 and 2 applications, but the majority will be allocated in phase 3, with larger amounts allocated.

There will be a regular review of grant allocated and based on the delivery performance of each fund, there may be scope to allocate residual funds from the ARG once performance is reviewed.

It will be made clear that the monthly recurring payments will only be made for as 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.

The proposals outlined in the report will maximise the use of the grant funding available. There is potential that demand for support will exceed the level of funding available and the situation will need to be carefully monitored as the impact of the pandemic continues.

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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Background papers:

Phase 3 Additional Grants Prospectus

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

| Term | Meaning |
|------|-------------------------------|
| ARG | Additional Restrictions Grant |

Bury Council

Additional Restrictions Grant

Phase 3 Programme Prospectus

Programme A: Safe Reopening Fund

This fund will be available to small and medium sized businesses in Bury that have suffered the most from the tier systems and national lockdown. For clarity, eligible businesses for this fund will be those with less than 50 employees although it is proposed that the Council reserves the right to have some discretion should the organisation have more than 50 employees.

The fund will primarily focus on the retail, hospitality and leisure sectors or businesses that are in the supply chain, or that are impacted by the closure of these sectors. The fund will support businesses that operate from commercial premises and is intended to assist businesses with the following types of support.

- Purchasing new stock;
- Deep cleaning of premises;
- Purchase of PPE and signage;
- Covid-safe seating areas;
- Temperature testing for customers;
- Front of house entry monitoring;
- Marketing and publicity; and
- Separation screens.

The fund will be open to those who have not received Local Restrictions Support Grant as well as those that have not been eligible for LRSG or Restart Grant.

The formula for the allocation of funding is set out below and is aligned to payments made under the forthcoming Restart Fund.:

| Rateable Value/rent/lease equivalent | Grant Payment Amount |
|---|-----------------------------|
| Up to 15,000 | £8,000 |
| £15,000 - £51,000 | £12,000 |
| > £51,000 | £18,000 |

In applying for assistance from the Safe Reopening Fund, it is proposed that businesses must clearly 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 £18,000 per business may be made. The business must be

Bury-based and not be part of a multi-national or international organisation unless there is evidence that, without support, local jobs will be at risk. Such businesses must also declare any other grant awards received by the company (or its parent company or subsidiaries in the UK).

All applications must also be accompanied by a self-declaration from the business that they will utilise any allocation to meet their safe reopening requirements.

Programme B: Recovery Expertise Fund

This fund is designed to support small and medium size enterprises (SMEs) to purchase specialist support to build resilience into their business model and support survival and growth. For clarity, a SME for the purpose of this fund is fewer than 250 employees.

This fund is open to businesses that have received Local Restrictions Support Grant and those that have not been eligible for the LSRG that have been impacted by the closure of retail, hospitality, and leisure.

This fund is a response to the fact that organisations may have been adversely impacted because the pandemic brought to light shortcomings within the businesses, such as:

- Little or no online presence;
- Little or no marketing expertise;
- Lack of digital skills within the organisation;
- Little or no Human Resources expertise within the business;
- Little or no access to compliance and regulatory advice;
- Inability to receive contactless payments; and
- Little or no cyber security measures in place.

Under this fund, businesses will be able to apply for a maximum of £5,000 per organisation. Successful applicants will have 3 months to draw down funding upon the supply of a receipt for work undertaken. Applications will be accepted throughout future restrictions and subsequent recovery periods subject to resource availability.

Programme C: Town and District Centre Independent Retail Support Grant

This fund is designed to support independent retailers in the Borough's town and district centres that have been financially impacted due to a reduction in footfall as a direct result of Covid restrictions. The fund will be for those businesses that have a rateable value but were not mandated to close under restrictions.

The guidance that accompanies the application process will give boundary restrictions to the town centres and district centres. For clarity, eligible

businesses for this fund will be those with less than 50 employees although it is proposed that the Council reserves the right to have some discretion should the organisation have more than 50 employees.

This is a one-off payment to reflect the Closed Business Lockdown payment. Reflecting the CBLF is a point of equity so that payment from this fund is not more than grant allocated to recipients of the Closed Business Lockdown fund.

The formula for the allocation of funding is set out below:

| Rateable value/annual rent | Grant Payment Amount |
|-----------------------------------|-----------------------------|
| £15,000 or less | £4,000 |
| £15,000 - £51,000 | £6,000 |
| > £51,000 | £9,000 |

This fund will be allocated on a first come first allocated basis although it is proposed that the Council could review the fund and makes strategic decisions if demand outstrips the funding envelope allocated to it.

Programme D Tourism and Culture Fund

This fund is intended to support businesses/organisations in the Borough employing between 5 and 50 people that are important in attracting visitors and footfall and which are key to our town centre recovery plans.

Eligibility for assistance from the Tourism and Culture Fund will be based upon the ability to demonstrate loss of income from ticket sales and/or entrance fees because of having been forcibly closed due to Covid restrictions.

Eligibility will also require evidence of relatively high ongoing, fixed property-related costs (e.g., through a lease agreement or mortgage payments).

Grants will be paid up to a maximum of £25k per business/organisation and will be based on the following funding formula:

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

The Council will review the fund and make strategic decisions if demand outstrips the funding allocated to it.

The Council may allocate repeat payments should restrictions continue in 2021 and financial impact is still ongoing.

Programme E Community Facilities, Social Enterprises and Charitable Organisations Fund

This fund is intended to support community centres, social clubs and charitable organisations that have not been able to access LRSG but can demonstrate financial impact due to Covid restrictions, including:

- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates relief
- Community Centres that support development activity and have lost revenue due to Covid restrictions; and
- Social Clubs that are an integral part of the community who have proven loss of revenue.
- Social Enterprises that can demonstrate financial impact.

The fund excludes all charity shops which are part of an organisation with excess of 50 employees.

Applications for assistance from this fund must clearly demonstrate significant loss of income due to Covid restrictions and funding would be awarded based on the following formula:

| Rateable Value/annual rent | Grant Payment Amount |
|-----------------------------------|-----------------------------|
| 15,000 or less | £4,000 |
| £15,000 - £51,000 | £6,000 |
| > £51,000 | £9,000 |

Additional Measures

Special Cases Business Panel

In all programmes of this nature there is a risk that a business which clearly merits grant funding support has, for one reason or another, fallen through the cracks. To address this risk, we are establishing a panel to review any submissions that fall into this category. The role of the Panel will be to review each case and reach a determination as whether a payment is merited.

Council officers across both the Business Rates Team and the Economic Development Team will identify and put forward cases for a panel to review the evidence and make a recommendation to award grant assistance or not. It is proposed that this is undertaken by an independent panel supported by the Officer overseeing the applications. This approach will give additional flexibility within the scheme.

It is proposed that this panel also oversee a one-off special circumstances allocation to the East Lancashire Railway. ELR is a critical contributor to footfall in Bury and Ramsbottom town centres and its survival is crucial to the borough's economy in terms of tourism, brand identity as a place to visit and wider economic value. Officers from the Council will collaborate with the ELR team to agree a structured recovery plan, with the case for grant clearly articulated in a special one-off business case.

Continuation of the Key Sector Fund

The Key Sector Fund was launched in Phase 2 will limited uptake. It is proposed that the amount awarded is increased with an option for repeat payments should reopening of the economy stall.

We have the commitment of 3 Officers from the Growth Hub to contact key sectors within their portfolios to encourage applications.

The finding model will increase as per the table below:

| Rateable Value/equivalent fixed cost | Grant Payment Amount |
|---|-------------------------------|
| Up to 15,000 | £10,000 (increase to £20,000) |
| £15,000 - £51,000 | £15,000 (increase to £30,000) |
| > £51,000 | £25,000 (increase to £50,000) |

Ends