

Report to: **Cabinet**

Date of Meeting 20 January 2021

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Review date for release N/A



Business Support Grant measures

Report summary:

To seek approval on the government grant scheme policies that we will need to put in place including changes to the Additional Restrictions Grant Discretionary Policy now that we have moved into a further period of national restrictions from 5 January 2021. Also, an update on the various schemes that we have running since going into national restrictions from 5 November 2020 including the grant schemes available whilst in Tier 2 and Tier 3.

Recommendations:

1. To approve the LRSG (Closed) Addendum & the CBLP Scheme policies.
2. To delegate authority to the Service Lead for Revenues, Benefits, Customer Services & Corporate Fraud & Compliance to make any technical changes to the LRSG (C) Addendum and the CBLP policies.
3. To approve changes to the operation of the Additional Restrictions Grant (ARG) scheme as outlined in the report.
4. To delegate authority to the Service Lead for Growth, Development & Prosperity in consultation with the Leader, Deputy Leader, Portfolio Holder for Finance and the S151 officer to make consequential changes to the ARG discretionary policy, in order to keep the scheme aligned with subsequent changes in government restrictions.
5. To allocate a further £925,680 under the ARG scheme to provide support to businesses impacted by local and national restrictions.
6. To delegate authority to Service Lead for Revenues, Benefits, Customer Services and Corporate Fraud & Compliance in consultation with Leader, Deputy Leader, Portfolio Holder for Finance and the S151 Officer to approve subsequent grant policies should we move back into local restrictions.

Reason for recommendation:

To ensure that we are able to respond quickly to a continuously changing landscape and the government funded grant schemes are deployed in a timely manner.

Officer: Libby Jarrett, Service Lead for Revenues, Benefits, Customer Services, Corporate Fraud & Compliance Ljarrett@eastdevon.gov.uk Andrew Wood, Service Lead for Growth, Development and Prosperity adwood@eastdevon.gov.uk

Portfolio(s) (check which apply):

- Climate Action
- Coast, Country and Environment
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Finance
- Policy Co-ordination and Regional Engagement
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

The various grant scheme details and proposals outlined in this report are within the sums allocated to the Council by Government.

Legal implications:

What is proposed is permissible from a legal standpoint. There are no other implications requiring comment.

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>
[EDDC Local Restrictions Support Grant \(Closed\) Addendum 5 January 2021 onwards](#)
[EDDC Closed Businesses Lockdown Payment](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Background

- 1.1 Now that we have moved into another period of national restrictions there are further business grant schemes that need to be implemented. These are the:
 - Local Restrictions Support Grant (Closed) Addendum scheme (LRSG (C) Addendum) – will run from 5 January – until national restrictions end.
 - One off top up closed business lockdown payment of up to £9K
 - Additional restrictions grant (ARG) – to widen out support under our existing discretionary grant scheme to cover further periods of restrictions.
- 1.2 In addition to the above schemes we are still live with a number of other grant schemes that are available to support businesses since the start of national restrictions - 5 November 2020. We then moved into Tier 2 on 2 December and then into Tier 3 on 31 December before national restrictions started on 5 January 2021. Set out under appendix 1 is a timeline of the different schemes, the payments available under these schemes and the current status of these schemes.

1.3 With all the different schemes that are now available to businesses we appreciate how confusing this has become. Also, with moving into Tier 3 for 5 days this has added another layer of complexity because certain sectors that could remain open under Tier 2 had to close under Tier 3 (hotels, restaurants, pubs, etc). This means that they are no longer eligible under the open scheme but instead can claim under the LRSG (Closed) scheme for that short period. As we have to account to government for each scheme separately, rather than a business reapply we are developing the claim process to account for this in order to try and remove this confusion at the front end but also ensure that businesses can claim their full entitlement.

2.0 Local Restrictions Support Grant (Closed) Addendum Scheme

2.1 This mirrors the scheme that was in place for the November lockdown and provides support to businesses that have been mandated to close by government because they provide in-person services. This includes non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

2.2 Businesses that have chosen to close but were not required to, will not be eligible for this grant. For example; businesses in the supply chain to the retail, leisure and hospitality sector fall outside this scheme so although clearly impacted they would need to be supported via our discretionary ARG scheme.

2.3 Other types of businesses that will be excluded are those that are able to conduct their main service because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (eg accountants, solicitors, estate agents, etc). In addition those businesses that have already received support to the maximum of state aid rules, or in administration, insolvent or where a striking off notice has been made will not be eligible.

2.4 As the government will not be reviewing the restrictions until middle of February, businesses will be entitled to a payment equivalent to 6 weeks.

2.5 The payment levels are linked to rateable values and are shown in the table below but are also included in appendix 1.

Rateable value	Payment amount based on 42 day period
£15K or under	£2,001
Over £15K & below £51K	£3,000
£51K and above	£4,500

2.6 Payments do not need to be paid in arrears and as soon as we can launch the scheme then we can start approving payments.

2.7 For these first 42 day payments, applications must be submitted by 31 March 2021 as the scheme closes on this date and final payments must be made by 30 April 2021.

2.8 As this is a government criteria led scheme the policy to support this scheme sets out the framework for how this will be administered which follows the same principles for previous schemes. As there is no discretion for Members to alter criteria or payments then the recommendation is for this to be delegated to the Service Lead for Revenues, Benefits and Customer Services to finalise the policy. The draft policy is available here. [EDDC Local Restrictions Support Grant \(Closed\) Addendum 5 January 2021 onwards](#)

2.9 We are working with our Strata colleagues, Teignbridge DC and Exeter CC to develop a common form for this scheme which will also include the closed business lockdown payment (see section 3 below) with the aim of being live with this scheme by end of January 2021 at very latest. Those businesses that were awarded grants for lockdown 2 we will be contacting them direct and are designing a shortened claim process so that they don't need to make a full application. For other businesses they will be required to submit a full application.

2.10 Government guidance on this scheme is available here:
<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

3.0 Closed business lockdown payment (CBLP) - one off top-up payment

3.1 In addition to the LRSG (Closed) Addendum scheme the government are providing a one off top up payment to occupied businesses that are eligible under the LRSG (Closed) Addendum scheme (applicable 5 January onwards). The level of payments are set out below:

Rateable value	Payment amount
£15K or under	£4,000
Over £15K & below £51K	£6,000
£51K and above	£9,000

3.2 As set out under the LRSG (C) Addendum scheme we will run the two schemes together under one claim process (see para 2.9) with the aim of being live before the end of January 2021. By having a shortened process for those businesses that were eligible under the November national restrictions will not only save time for businesses but will enable us to handle these more quickly when verifying.

3.3 As there is no discretion for Members to alter criteria or payments as this is also a government led criteria scheme then the recommendation is for this to be delegated to the Service Lead for Revenues, Benefits and Customer Services to finalise the policy. The draft policy is available here. [EDDC Closed Businesses Lockdown Payment](#)

4.0 Additional Restrictions Grant

4.1 The 25th November Cabinet considered a report on the deployment of monies received through the Additional Restrictions Grant (ARG). This was intended to support businesses that have had their trade affected during the second national lockdown and included;

- closed businesses that don't pay business rates
- businesses that have not been required to close, but are still severely impacted

4.2 It was made clear that each local authority has the discretion to establish business grant schemes or other business support as best fits their area.

4.3 An initial award of £2,925,680 had been made and Cabinet agreed a framework for how these funds would be utilised as follows;

- £1m towards a discretionary grant scheme to be deployed in line with an agreed policy
- £1m towards strategic economic recovery projects and priorities - initial thinking is that this could take the form of a grant scheme to support business adaptation, resilience and innovation
- £925,680 to be held in reserve

4.4 An initial call for applications ran between the 9th and the 23rd December. A total of 144 applications were received and these will be reported to a meeting of the Councillor Panel

on the 21st January for decision and then payment. Even if all of the applications are approved at the maximum level anticipated by the policy there will be headroom of over £800k from the initial £1m.

4.5 Since agreeing our policy, government have subsequently agreed that ARG can be used to cover periods of both local and national restrictions. On the 5th January the Chancellor announced that Councils in England would receive an additional £594m for discretionary funds. Under the award formula this is likely to equate to an additional £1.5m for the District. The precise figure is subject to final confirmation.

4.6 Assessment

4.6.1 Businesses in the District are now facing what will likely be a continuous period of approaching six months of both local and national restrictions. The impact of this will clearly be very significant with disproportionate impacts for certain sectors such as hospitality and leisure and the associated supply chain. Given the likely relatively low draw down of funds from the initial call for applications, it is important the funds are as easy to access as possible and that we transition to a programme of rolling support rather than the need businesses to continuously apply for different periods.

4.6.2 Taking stock of the current situation the following amendments and changes to the administration of the ARG funds are put forward;

- i. To launch a further call for applications to cover the periods when the District was in Tier 2, Tier 3 and the subsequent national lockdown.
- ii. To introduce a process whereby, subject to a declaration that trading conditions have not changed, existing applicants can access funds on a rolling basis
- iii. In addition to the balance of funds available from the first call for applications, bring forward the £925,680 reserve to be deployed as discretionary business grants and consider additional funds when the confirmation is received from government as to the further award.
- iv. To allow for the ARG to provide support to businesses impacted by Tier 2 and Tier 3 restrictions (period 2 December to 4 January) but are not eligible to claim under the existing schemes.
- v. To update the policy to ensure that payment amounts are aligned with latest guidance from government – to take account of the top up payment amounts and payments being made for a six week period.
- vi. Payment amounts are linked with government levels of support for open businesses (70% of a closed business). There is also provision that if a business isn't eligible under the LRSG (O) or LRSG(C) during December (whilst in Tier 2 & 3), within our policy we can provide an additional payment as set out in the table below.

Rateable Value	National restrictions 5 November to 1 December Payment based on a 28 day period and is linked to payment thresholds within the open scheme	National restrictions 5 January for initially 6 weeks (42 days) In line with payment thresholds for open businesses	One off top up closed business grant payment (Based at 70%)	Total payment businesses can claim under ARG to cover national restrictions (excluding special cases)	Additional payment where a business wasn't eligible under LRSG(O) or LRSG(C) whilst in Tier 2 & Tier 3 during December 2020 Payment based on 34 days
£15,000 & below	£934	£1,401	£2,800	£5,135	£1,135
Over £15K & below £51K	£1,400	£2,100	£4,200	£7,700	£1,700

£51K & above	£2,100	£3,150	£6,300	£11,550	£2,550
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- *Where a business is not a ratepayer then they will be awarded a payment based on the first tier provided they can demonstrate fixed business costs in excess of £250 per month.*

vii) To amend the decision making process such that the Councillor Panel considers applications on a 'by exception' basis – at present all ARG applications are reported to the Panel prior to a final decision being made and subsequent payment. In terms of timing this acts as something of a lock gate – even if an individual application is clearly compliant with the policy it cannot be approved until it and a wider cohort of applications have first been assessed and reported to a meeting of the Panel. This necessarily slows down the speed with which businesses can ultimately receive the funds. Moving forward it is proposed to report only those applications which are either clearly not compliant with the policy criteria or have been submitted under the 'Special cases' clause to the Panel. Officers can then deal with the claims that fall within the criteria element of our discretionary policy.

viii) Whilst only one application has been received under the 'Special cases' clause to date, based on correspondence received it is likely that this will increase as we move forward. In order to allow the Panel to award higher amounts to sectors and businesses that are important to our local economy and communities it is proposed to introduce additional criteria based on the discretionary scheme that ran during the summer of 2020. This includes considering the number of employees for example. For example, there are 4 categories that we are required to report to government under the grant schemes based on business size. Members of Cabinet may want to determine whether there is a maximum level of award that will be given to an individual business under 'special cases'. One way to do this is to reflect the size of business by having different thresholds of awards as set out in the table below:

Business size	Number of employees	Value of grant award for 'special cases'
Micro	0-9	Up to £10K
Small	10-49	Up to £25K
Medium	50-249	Up to £50K
Large	250+	Up to £100K

Alongside the size of business/organisation in terms of number of employees, Members will also need to take account of turnover, the impact Covid-19 has had on the business and the importance to the local economy.

viii) Any overspend on the LRSG (O) scheme to be covered by ARG rather than close this scheme, should we be in the position of exceeding government funding for this particular scheme. It was agreed following consultation with the Leader, Deputy Leader & Portfolio Holder to widen out the scope of the LRSG(O) scheme to include additional sectors such as; non-essential retail, personal care facilities (beauticians, hairdressers) community centres, village halls, etc as this provided continuity of the business sectors being supported via government criteria led schemes. When developing our LRSG (O) and our ARG scheme the aim has been to keep these aligned in order to ensure continuity across these schemes.

ix) Where businesses are entitled to claim under the government criteria led schemes they will not be eligible under the ARG unless they are eligible to claim under the 'special cases' for an additional payment based on criteria to be agreed by Members.

4.7 It is a recommendation of this report that these changes are endorsed and that delegated authority is given to Service Lead for Growth, Development & Prosperity in consultation with the Leader, Deputy Leader, Portfolio Holder for Finance and the S151 Officer to make consequential changes to the ARG discretionary policy. Finally a further paper will come to

	£51K and above	£9,000	
Additional Restrictions Grant (ARG)	<p>Discretionary scheme to provide support with businesses impacted by restrictions. Funding can be used to top up existing grant payments which are important to our local economy or for those that don't qualify under the main scheme. In addition this funding can also be used to support economic recovery.</p> <p>Government have announced an additional £500m nationally on top of the funding all provided. East Devon has not been given its funding amount but could be circa £1.5m in addition to £2,925,680 that we've already been allocated.</p>		<p>Scheme currently only provides funding to cover the November national restrictions and the proposal is to widen out this policy to reflect these latest restrictions and to provide higher levels of grant payments for businesses important to our local economy.</p>

Tier 2 & Tier 3 Restrictions: Period 2 December to 4 January (34 days)

Tier 2: 2 December to 30 December 2020 (29 days) Tier 3: 31 December 2020 to 4 January 2021 (5 days)

Scheme name	Explanation	Current status (as at January 2021)												
<p>Local restrictions Support Grant (Closed) Scheme (LRSG (C))</p> <p>Government criteria led scheme (main)</p>	<p>Businesses (subject to business rates) that are legally required to close (as directed by Government) can apply under this scheme for support. Businesses must be closed for the entirety of 14 day payment cycle in order to be eligible.</p> <p>Whilst in Tier 2 the main types of businesses that had to close were pubs who do not sell food.</p> <p>When we moved into Tier 3 this would have included businesses within the hospitality and indoor entertainment sector (accommodation, restaurants, theatres, etc).</p> <p>Grant amounts are as follows:</p> <table border="1"> <thead> <tr> <th>RV</th> <th colspan="2">Payment Amount (per 14 days) (per 28 days)</th> </tr> </thead> <tbody> <tr> <td>£15K or under</td> <td>£667</td> <td>£1,334</td> </tr> <tr> <td>Above £15K & below £51K</td> <td>£1,000</td> <td>£2,000</td> </tr> <tr> <td>£51K & above</td> <td>£1,500</td> <td>£3,000</td> </tr> </tbody> </table> <p>Business will receive pro-rata payments to reflect the period in which they were legally required to close where it is in excess of these rolling periods. For instance; Wet led pubs will get 34 days' worth of payments whilst a hotel that was only required to close whilst in Tier 3 would</p>	RV	Payment Amount (per 14 days) (per 28 days)		£15K or under	£667	£1,334	Above £15K & below £51K	£1,000	£2,000	£51K & above	£1,500	£3,000	<p>Scheme went live on 22 December 2020.</p> <p>87 applications received, 60 rejected (as needed to apply under the open scheme)</p> <p>17 applications approved. Total paid £26,008</p> <p>Payments will be adjusted to reflect the full period businesses were required to close.</p> <p>The number of businesses eligible under this scheme would be low as majority of pubs in East Devon sell food.</p>
RV	Payment Amount (per 14 days) (per 28 days)													
£15K or under	£667	£1,334												
Above £15K & below £51K	£1,000	£2,000												
£51K & above	£1,500	£3,000												

	receive 5 days under the closed scheme but 29 days under the open scheme.																
<p>Christmas Support Payment – for wet led pubs (one off payment)</p> <p>Government criteria led scheme.</p>	<p>One off £1,000 grant payment for wet led pubs. This is a mandatory scheme for pubs that provides additional support over the festive period due to restrictions over trading whilst in Tier 2. For the purpose of this grant scheme a wet-led pub is defined as a pub that derives less than 50% of its income from sales of food. Must be business rated.</p>	<p>Scheme went live 22 December 2020. To date 52 applications received. 42 applications approved. 4 applications rejected. Total paid £42,000.</p> <p>As most pubs are reliant on the food sales to support their businesses then we expect relatively low numbers being eligible.</p>															
<p>Local Restrictions Support Grant (Open) Scheme</p> <p>Discretionary Scheme (government providing fixed level of funding based on estimated number of hospitality, accommodation & leisure assessments plus 5% top-up – based upon VOA data)</p>	<p>This scheme is for businesses which are open but severely impacted due to the restrictions.</p> <p>Grant amounts are based at 70% of the closed scheme:</p> <table border="1"> <thead> <tr> <th>RV</th> <th colspan="2">Payment Amount</th> </tr> <tr> <th></th> <th>(per 14 days)</th> <th>(per 28 days)</th> </tr> </thead> <tbody> <tr> <td>£15K or under</td> <td>£467</td> <td>£934</td> </tr> <tr> <td>Above £15K & below £51K</td> <td>£700</td> <td>£1,400</td> </tr> <tr> <td>£51K & above</td> <td>£1,050</td> <td>£2,100</td> </tr> </tbody> </table> <p>For periods in excess of these payment cycles we will calculate entitlement on a pro rata basis.</p> <p>Policy was initially developed to support hospitality and leisure businesses but has now been widened out to include non-essential retail, personal care facilities, community centres, village halls.</p>	RV	Payment Amount			(per 14 days)	(per 28 days)	£15K or under	£467	£934	Above £15K & below £51K	£700	£1,400	£51K & above	£1,050	£2,100	<p>Scheme went live 14 January 2021.</p> <p>71 applications received.</p> <p>Businesses were able to register their interest to apply for this grant at the same time LRSG(C) & Wet led payment schemes went live (22 December) – 300 registered and have been contacted to apply.</p> <p>Government guidance only received mid December.</p>
RV	Payment Amount																
	(per 14 days)	(per 28 days)															
£15K or under	£467	£934															
Above £15K & below £51K	£700	£1,400															
£51K & above	£1,050	£2,100															
<p>Additional Restrictions Grant (ARG)</p> <p>Discretionary scheme</p>	<p>Discretionary scheme to provide support with businesses impacted by restrictions. Funding can be used to top up existing grant payments or for those that don't qualify under the main scheme. Alongside this funding can also be used to support economic recovery.</p>	<p>Scheme currently only covers the November national restrictions but proposal is to widen this out to cover</p>															

	Funding level £2,925,680	subsequent restrictions
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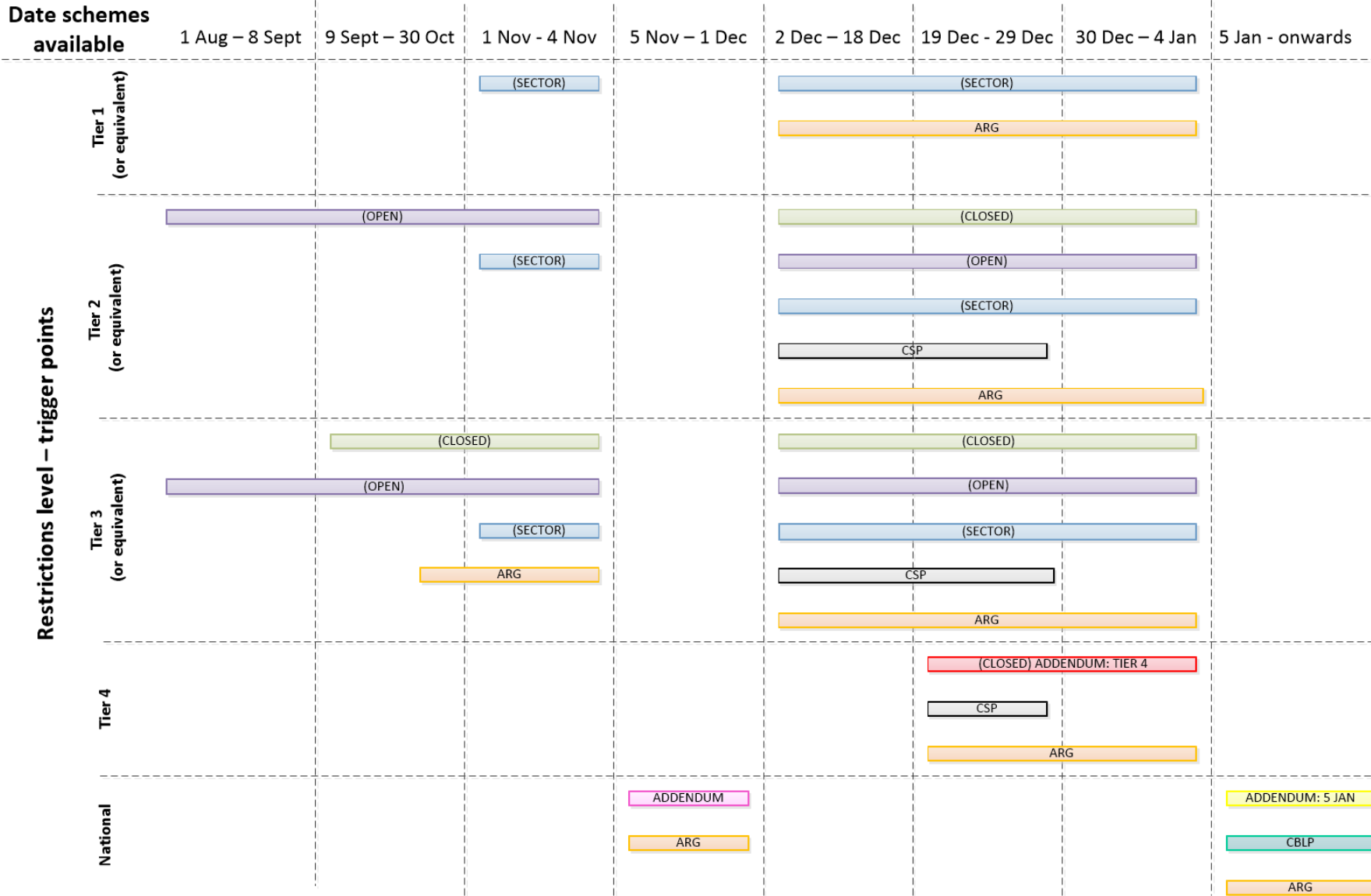
National Restrictions: Period 5 November to 1 December 2020 (27 days but government agreed funding based on a 28 day period)

Scheme name	Explanation and funding amounts	Current position with scheme (as at 11 January 2021)								
Local restrictions Support Grant (Closed) Addendum Scheme (LRSG (C) Addendum) Government criteria led scheme (main) (Fully funded scheme)	<p>Provides support to businesses that have been forced to close because of the national restrictions such as; non-essential retail, personal care facilities (beauty salons, hair, etc), hospitality venues & leisure/entertainment venues</p> <p>Funding amounts were based on a 28 day period & thresholds linked to rateable value</p> <table border="1"> <thead> <tr> <th>RV</th> <th>Payment Amount</th> </tr> </thead> <tbody> <tr> <td>£15K or under</td> <td>£1,334</td> </tr> <tr> <td>Above £15K & below £51K</td> <td>£2,000</td> </tr> <tr> <td>£51K & over</td> <td>£3,000</td> </tr> </tbody> </table>	RV	Payment Amount	£15K or under	£1,334	Above £15K & below £51K	£2,000	£51K & over	£3,000	<p>1,698 applications received.</p> <p>59 rejected</p> <p>1,533 applications approved.</p> <p>Total awarded £2,300,828</p>
RV	Payment Amount									
£15K or under	£1,334									
Above £15K & below £51K	£2,000									
£51K & over	£3,000									
Additional Restrictions Grant (ARG) Discretionary scheme	<p>Discretionary scheme to provide support with businesses impacted by restrictions. Funding can be used to top up existing grant payments or for those that don't qualify under the main scheme. Alongside this funding can also be used to support economic recovery.</p> <p>Funding level £2,925,680</p>	<p>Scheme went live 9 December until 23 December. Applications received 144. Panel meets on 21 January to consider officer recommendation on approval of claims.</p>								

Government guidance is available here

<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

Covid-19 business support grants
Dates, trigger points and eligibility periods



KEY:

- Local Restrictions Support Grant (Sector)
- Local Restrictions Support Grant (Closed)
- Local Restrictions Support Grant (Open)
- Additional Restrictions Grant
- Christmas Support Payment for wet-led pubs
- Local Restrictions Support Grant (Closed) Addendum
- Local Restrictions Support Grant (Closed) Addendum: Tier 4
- Local Restrictions Support Grant (Closed) Addendum: 5 January onwards
- Closed Businesses Lockdown Payment