

Local Restrictions Support Grant and Additional Restrictions Grant

Report to the Chief Executive



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PORTFOLIO	Economy & Growth
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PURPOSE

1. The purpose of the report is to seek approval of the criteria for the use of the Local Restrictions Support Grant (Open) and Additional Restrictions Grant.

RECOMMENDATION

2. It is recommended that the Chief Executive under urgency powers:
 - a) Approves the eligibility criteria and grant rates for Local Restrictions Support Grant (Open) as set out in paragraph 7
 - b) Approves the eligibility criteria and grant rates for the Additional Restrictions Grant set out in paragraphs 14-20 and Appendix 1 of this report
 - c) Delegates authority to Strategic Head of Economy and Growth and Head of Finance and Property to approve grant applications

REASONS FOR RECOMMENDATION

3. On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local Covid Alert Level 3 restrictions. It is for local authorities, within the broad parameters set out in the ARG Guidance, to determine how to use the fund.
4. The scheme is in addition to funding delivered through the Local Restrictions Support Grant (Closed) and Local Restrictions Grant (Open).

SUMMARY OF KEY POINTS

5. The Government has made available to local authorities three grant schemes to assist businesses affected by either local restrictions or national restrictions. The schemes are referred to as Local Restrictions Support Grant (closed) and Local Restrictions Support Grant (open) and the Additional Restrictions Support Grant

Local Restriction Support Grant (open)

6. On Thursday 22 October, the Government announced additional funding to support businesses under restrictions in LCAL 2 and 3. This is support for businesses that are not legally required to close but which are severely impacted by the localised restrictions on socialising put in place to manage coronavirus and save lives. The funding is backdated to the 1st of August or the date at which the area entered LCAL 2 whichever is the earlier. The scheme ceases to operate on the 4th of November when the National Restrictions came into place and may resume in the future.
7. The Local Restrictions Support Grant (Open) is aimed at hospitality, hotel, bed & breakfast and leisure businesses. Local Authorities have discretion as to how to award grant funding to individual businesses. The grant funding can only be spent on business grants. The Government has announced the following funding tiers as a guide for Local Authorities. We would anticipate that Local Authorities provide grant funding under the following tiers, unless there is a local economic need to deviate:
 - a. Grants of up to £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.
 - b. Grants of up to £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.
 - c. Grants of up to £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.
8. Based on information from the Council's Business Rates Data Base we estimate that there are 268 eligible businesses.
9. It is proposed that the Council adopts the payment scale set out above, but builds some flexibility into the ARG scheme to support businesses who have been affected since August by the additional restrictions but who do not pay business rates. This is permissible under the terms of the scheme.

Local Restrictions Support Grant (Closed)

10. The LRSG (Closed) is targeted at businesses that were required to close, either as Higher Alert (tier 3) Local Restrictions on the 17th and 19th October respectively and from the 5th November under the National Restrictions.
11. Businesses that were open as usual and providing in-person services to customers from their business premises and then required to close for a consecutive period of no less than 14 days as a result of regulations made under the Public Health (Control of Disease) Act 1984 will be eligible for this funding.
12. This funding is only available for businesses required to close and that occupy hereditaments appearing on the local rating list, at the following rates:
 - a) Businesses with a rateable value of exactly £15,000 of the local restrictions will receive a payment of £667 per 14-day qualifying restriction period.

- b) Businesses with a rateable value over £15,000 and less than £51,000 on the date of the will receive a payment of £1,000 per 14-day qualifying restriction period.
 - c) Businesses 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.
13. In Burnley, businesses in list A of Appendix 1 will be eligible for this support from the LRSG (Closed) scheme from the 17th October. Businesses in List B of Appendix 1 will be eligible from the 5th November. There is no local discretion as to how the LRSG (closed) is administered.

Additional Restrictions Grant

14. On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local Covid Alert Level 3 restrictions.
15. The scheme is called the Additional Restrictions Grant (ARG) and is administered by business rate billing authorities in England. For authorities, such as Burnley, that had already entered into a Tier 3 arrangement the ARG replaces the previously agreed Tier 3 discretionary fund. It will still be paid to Lancashire County Council on a basis of £20 per head of population in Lancashire.
16. Burnley should receive an allocation of approximately £1.771m. This support will take the form of a funding scheme in Financial Year 2020 and can be used across Financial Years 20/21 and 21/22. Once a Local Authority exits national or LCAL 3 restrictions they will not receive additional funding under this grant scheme if the Local Authority then re-enters national or LCAL 3 restrictions. It would therefore be prudent not to spend all of the funding in this first restriction period.
17. Local authorities can use this funding for business support activities. It is expected that this will primarily take the form of discretionary grants, but LAs could also use this funding for wider business support activities.
18. It is expected that Local Authorities develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19. This could include – for example – businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector. Local Authorities may also choose to help businesses outside the business rates system, which are effectively forced to close. Local Authorities can also use ARG funding to provide additional support to larger local businesses which are important to the local economy, on top of the funding provided to those businesses via the LRSG (Closed) scheme, subject to State Aid limits.
19. In taking decisions on the appropriate level of grant, Local Authorities should take into account the level of fixed costs faced by the business in question, the number of employees, whether they are unable to trade online and the consequent scale of coronavirus losses.
20. Appendix 1 sets out a Local Additional Restrictions Grant Scheme. The scheme seeks to support the following types of businesses:
- a) Businesses outside of the Business Rates system that would otherwise have been

eligible for the LRSG (Open scheme) for the period 5th August to 5th November.
Businesses enforced to close but who are outside of the Business Rates System

- b) Businesses that supply the Hospitality and Leisure sector that have been substantially affected by the restrictions
- c) Essential Retail businesses but are able to remain open but are substantially affected by a reduction in customers due to the restrictions.

21. The Council acknowledges that there are other businesses that are affected by the restrictions but that are currently not eligible for a grant based on guidance provided by Government. Support for taxi and hackney cab businesses is a notable case and the Council will continue to work with BEIS to develop a scheme for this specific sector.

22. It should also be noted that the scheme is subject to the publication of further guidance from Government and further changes may be required.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

23. For the LRSG (Open) Local Authorities will receive funding based on the number of hospitality, hotel, bed & breakfast and leisure businesses there are in their area. Data on business categories will be provided by the Valuation Office Agency and assumes that this data is accurate. The Government will also include a 5% Top-up for the scheme. As the allocated funding for this scheme is a fixed amount, the 5% top-up will allow for some flexibility in the accuracy of the VOA data and enable the Council to support non-business rate paying businesses identified in Appendix 1.

24. For the LRSG (Closed) each eligible Local Authority will be issued funding allocations that will be calculated using Valuation Office Agency (VOA) data, based on the categories of business relevant to the closures imposed by Government, and monitored with Local Authorities using DELTA. This is to provide each eligible Local Authority with an allocation based on a consistent approach that reflects the businesses closed by national restrictions. This includes business closures mandated under both local and national restrictions. If the allocation proves insufficient for all eligible businesses, top-up funding will be provided by the Government.

25. For the Additional Restrictions Grant, an allocation was agreed with Government when we entered Very High Alert Level Restrictions. The amount for Burnley was based on an allocation of £20 per head resulting in funding available of £1.771m. This is a one-off allocation and can be used to provide support for businesses in the 2020/21 and 2021/22 financial years. No additional funding will be available to local authorities under National or Very High Alert Level Restrictions once this funding is exhausted. The Government is due to review this policy in January 2021.

POLICY IMPLICATIONS

26. The decision supports the Council's strategic priorities for economy and growth.

ITEM NO	
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DETAILS OF CONSULTATION

BACKGROUND PAPERS

FURTHER INFORMATION
PLEASE CONTACT: Kate Ingram Ext 7271
ALSO: