

URGENT OFFICER DECISIONS- EXECUTIVE DECISIONS

Tuesday, 24th November, 2020
12.09 pm





URGENT OFFICER DECISIONS- EXECUTIVE DECISIONS

**Tuesday, 24th November, 2020 at 12.09
pm**

AGENDA

- 1) *Local Restrictions Support Grant & Additional Restrictions Grant* 3 - 14

PUBLISHED

24th November 2020



URGENT DELEGATED DECISION BY THE CHIEF EXECUTIVE

BURNLEY TOWN HALL

PRESENT

OFFICERS Christine Wood - Democracy Officer

3	Local Restrictions Support Grant and Additional Restrictions Grant
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Purpose 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.

Reason For Decision On 31st 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.

The scheme is in addition to funding delivered through the Local Restrictions Support Grant (Closed) and Local Restrictions Grant (Open).

Decision 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 the report;
- c) Delegates authority to Strategic Head of Economy and Growth and Head of Finance and Property to approve grant applications.

Decision made by: **Mick Cartledge, Chief Executive.**

Date of decision: 23rd November 2020 Decision Published on: 24th November 2020

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Local Restrictions Support Grant and Additional Restrictions Grant

Report to the Chief Executive



DATE	13th November 2020
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 due 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.

DETAILS OF CONSULTATION

BACKGROUND PAPERS

FURTHER INFORMATION
PLEASE CONTACT: Kate Ingram Ext 7271
ALSO:

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Appendix 1 Burnley Additional Restrictions Grant Scheme

Businesses not eligible for Local Restrictions Grants Closed or Open may be eligible for an Additional Restrictions Grant as set out below.

The amount of funding available is limited to £1.7m in total and once this money is allocated the scheme will close.

To be eligible Businesses must meet all the core eligibility criteria and the criteria set out in one of the categories below.

Core Eligibility Criteria:

- The business is not eligible for LRSO Open or Closed
- the business was open and trading as usual on 4 November 2020
- the business must be based in Burnley
- Businesses which have already received grant payments that equal the maximum levels of State aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework.
- Businesses that are able to continue to trade and can operate their services effectively remotely are not eligible.
- Businesses that have chosen to close but are not required to e.g. non-essential retail will not be eligible for this grant.
- For the avoidance of doubt, businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.

Category 1

Hospitality and Leisure businesses that are required to close, on 5th November (see list below) but do not occupy commercial premises and are not liable for business rates. This could include for example, small B&B/Guest houses/self-catering accommodation that pay Council Tax, leisure craft and boat hire operators. These businesses will be eligible for single grant payment of £500 for the period 5th November to 2nd December 2020. Hospitality and Leisure businesses may also be eligible for support back dated to 5th August¹ at a rate of £500 per 28-day period.

Businesses must complete the application form and provide evidence requested. Should businesses wish to apply for the additional funding backdated to 5th August then they must supply a written statement with their application setting out how the restrictions have impacted on their business and also show how the businesses income levels have been affected during that period.

Category 2

Hospitality, Leisure and non-essential retail/personal service businesses that are required to close but occupy premises where the landlord is liable for the business rates. These businesses will be eligible for single grant payment of £500 for the period 5th November to 2nd December 2020. Hospitality and Leisure businesses may also be eligible for support back dated to 5th August at rate of £500 per 28-day period.

Businesses will be required to provide to complete an application form and provide evidence of a lease/licence agreement. Should businesses wish to apply for the additional funding backdated to 5th August then they must supply a written statement with their application setting out how the restrictions have impacted on their business and also show how the businesses income levels have been affected during that period.

Category 3

Businesses that are required to close but lease or sub lease a property that is exempt from business rates, e.g., places of worship, properties in historic parks and gardens, are eligible for a single grant payment equal to one month's rent up to a maximum value of £1,500 for the period 5th November to 2nd December. Hospitality and Leisure businesses may also be eligible for support back dated to 5th August on the same basis.

Businesses will be required to provide to complete an application form and provide evidence of a lease/licence agreement. Should businesses wish to apply for the additional funding backdated to 5th August then they must supply a written statement with their application setting out how the restrictions have impacted on their business and also show how the businesses income levels have been affected during that period.

Category 4

Businesses that are required to close that have a RV in excess of £100,000 that meet the definition of a small and medium sized enterprise², will receive a single top up payment of £2000 to cover the period 5th November to 2nd December.

Businesses will need to complete and application form, provide evidence that they meet the criteria of an SME.

Category 5

Businesses in the hospitality and leisure supply chain, for example bakeries, wholesalers, breweries and drinks producers, events suppliers liable for business rates where they are able to demonstrate that at least 50% of their income is derived from supplying the hospitality and leisure sector. Grants will be paid at the following rate:

Properties with a rateable value of less than £15,000;	£934
Properties with a rateable value between £15,001 to £50,999	£1,400
Properties with a rateable value over £51,000	£2,100

In exceptional circumstances the Council can award a higher rate in line with LRS (Closed) for example where a business is effectively unable to trade even though it is permitted to open.

Businesses will be required to provide a written statement which demonstrates that the businesses supplies into the hospitality and leisure sector supply chain and evidence that 50% or more of the businesses turnover is from these sectors.

Category 6

Businesses in the hospitality, leisure and events supply chain that are outside of the rates system but are able to demonstrate on-going fixed overheads (excluding wages) that are effectively closed. These businesses will be eligible for a single grant of £500 covering the period 5th November to 2nd December.

Businesses will be required to provide a written statement explaining the nature of the businesses and how the current restrictions mean that the business is effectively closed. ARG cannot be used to pay for wage costs (the SEISS and the JRS provide for this) but can be used to cover other fixed over heads. Fixed overheads could include for example, insurances, hire purchase/lease costs for business equipment, storage costs, pitch fees, and applicants will need to provide evidence of these costs.

Category 7

Small independent essential retail businesses that are able to remain open and are liable for business rates, but where they have been affected by a substantial reduction in footfall and turnover if at least 20% as a result of travel restrictions, the closure of offices and neighbouring retail businesses. To be eligible the business must be open and trading on the 5th November and remain open throughout the restrictions period. Grants will be paid at the following rate as a single payment for the period 5th November and ending on 2nd December 2020:

Properties with a rateable value of less than £15,000;	£934
Properties with a rateable value between £15,001 to £50,999	£1,400

Businesses will be required to provide evidence of a decrease in turnover of 20% or more as a result of the additional restrictions, compared to the previous three month period (Aug – October 2020).

Category 8

Taxi hire businesses that occupy premises with a rateable value that are able to demonstrate a significant reduction of at least 20% in turnover will be eligible for a grant at the following rate per 28 day period starting 17th October³:

Properties with a rateable value of less than £15,000;	£934
Properties with a rateable value between £15,001 to £50,999	£1,400
Properties with a rateable value over £51,000	£2,100

Businesses will be required to provide a written statement demonstrating how the business has been impacted due to the restrictions. The statement will also need to include a financial statement demonstrating a 20% financial reduction in the business for the period 17th October to 2nd December.

Category 9

Self Employed Hackney Cab and Private hire drivers are eligible for a one-off grant of £500 for the period 17th October to 2nd December, where they are able to demonstrate a substantial (20%+) reduction in business (e.g. turnover, income) as a result of the Tier 3 and national restrictions and where they can demonstrate on-going fixed overheads

Businesses will be required to provide a written statement demonstrating how the business has been impacted due to the restrictions. The statement will also need to include a financial statement demonstrating a minimum 20% financial reduction in the business for the period 17th October to 2nd December. Additional Restrictions Grant cannot be used to pay for wage costs (the Self-Employed Income Support Scheme and the Job Retention Scheme provide for this) but can be used to cover other fixed over heads. Fixed overheads could include for example, insurances, hire purchase/lease costs for business equipment, storage costs, license fees, and applicants will need to provide evidence of these costs.

The Council's decision is final and there is no process of appeal

Notes: -

¹ This is the date Burnley entered Local Covid Alert Level 2.

² Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.”

³ This is the date Burnley entered Local Covid Alert Level 3

Businesses Required to Close: <https://www.legislation.gov.uk/uksi/2020/1200/schedule>