

<b>Report to:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	16 December 2020
<b>Executive Member:</b>	Councillor Oliver Ryan – Executive Member for Finance and Economic Growth
<b>Reporting Officer:</b>	Ilys Cookson – Assistant Director Exchequer Services
<b>Subject:</b>	<b>LOCAL RESTRICTIONS SUPPORT GRANTS - MANDATORY</b>
<b>Report Summary:</b>	The report details the administration of the Local Restrictions Support Grant in accordance with guidance issued by the Secretary of State for the Department for Business, Energy and Industrial Strategy
<b>Recommendations:</b>	That Executive Cabinet note the arrangements for the payment of mandatory grants to business rates payers.
<b>Corporate Plan:</b>	To support local businesses and the economy in the Tameside area during local and national restrictions resulting in business closures.
<b>Policy Implications:</b>	<p>The Council has been tasked with the administration of the Local Restrictions Support Grants. There are five grants available, three of which are mandatory and which are detailed in this report:</p> <ul style="list-style-type: none"> <li>(a) Local Restrictions Support Grant (LRSG) Closed (C);</li> <li>(b) Local Restrictions Support Grant (LRSG) Addendum (A); and</li> <li>(c) Local Restrictions Support Grant (LRSG) Sector (S)</li> </ul>
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>The Secretary of State for the Department of for Business, Energy and Industrial Strategy (BEIS) has announced the introduction of five grant funding streams to help support businesses that are required to close or are severely impacted, due to national or localised restrictions as a result of COVID-19. All five of these funding streams are to be administered by Local Government. Three of the funding streams are mandatory grants and two funding streams are discretionary. The two discretionary funding streams are the subject of a separate report.</p> <p>The three mandatory funding streams, which are the subject of this report, are the Local Restrictions Support Grant (LRSG) Closed (C), Local Restrictions Support Grant (LRSG) Addendum (A) and Local Restrictions Support Grant (LRSG) Sector (S). Details of the criteria, qualifying periods and grant amounts is detailed in sections 3, 4 and 5 of this report. Each of these three mandatory grants are fully funded by Government. Cash advances (based on estimated need) have been paid to the Council for the payment of grants up to 2 December 2020, and full reimbursement for grant amounts paid is expected. Weekly reporting to BEIS is required, supplemented by weekly internal reconciliations of amounts paid.</p> <p>The LRSG Closed and LRSG Sector schemes are payable for period up to 4 November 2020. The LRSG Addendum scheme is payable for the national lockdown period 5 November to 2 December 2020. It is expected that the LRSG Closed and LRSG Sector schemes will resume if the Council is subject to tiered</p>

restrictions after the end of the end of the national lockdown period to 2 December 2020.

Whilst the grant payments are fully funded by Government, the administration of applications and payments of grant, together with the reporting requirements for BEIS and reconciliations, are complex and time consuming. New burdens funding has been committed by Government but individual allocations have not been announced and therefore it is not clear whether this funding will fully cover the additional cost to the Council of administering the scheme.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

As set out in the main body of this report the Council has been tasked with administering 3 mandatory schemes to help support businesses that are required to close or are severely impacted, due to national or localised restrictions as a result of COVID-19.

The requirements for these schemes are directed by central government and the numerous FAQs which they have produced and have been considered by the project officers to ensure that the 3 mandatory schemes are managed as directed and again are set out in this report for Members consideration.

As with all of these schemes robust management is critical to ensure that all payments are made correctly. The assurances in relation to this are set out in section 8 of this report.

**Risk Management:**

The risks are detailed in Section 8 of this report.

**Background Information:**

The background papers relating to this report can be inspected by contacting Tracey Watkin, Service Unit Manager, Exchequer Services

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## 1 INTRODUCTION

- 1.1 On 9 September the Secretary of State for the Department of for Business, Energy and Industrial Strategy (BEIS) announced the introduction of Local Restrictions Support Grants (LRSG) to help support businesses that are required to close due to localised restrictions as a result of COVID-19. Further guidance on the administration of the LRSG was issued on 03 November 2020.
- 1.2 The grants are a combination of mandatory and discretionary grants and some businesses will be eligible to receive more than one grant. Eligibility is based on a number of factors such as:
  - Type of business
  - Whether the business was open or closed for qualifying periods
  - The rateable value of business premises
  - The date of the COVID status of the Borough ie Tier 2, Tier 3 and national lockdown
- 1.3 There are 5 grants payable under the new grant schemes:
  - Local Restriction Support Grant (Closed)
  - Local Restrictions Support Grant (Sector)
  - Local Restrictions Support Grant (Addendum)
  - Local Restriction Support Grant (Open)
  - Additional Restrictions Grant
- 1.4 The table in **Appendix 1** outlines each grant in detail and highlights the complexity of administration and understanding for the business community. The initial Government Guidance can be viewed here: <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities> and since the release on 03 November 2020 there have been a series of FAQ's and clarification documents and guides for the business community were published on the Gov.uk website on 12 November 2020.
- 1.5 Colleagues in Exchequer Services, Growth, Internal Audit and Finance are working together to ensure that administration and payment of grants to relevant business takes place as quickly as possible.
- 1.6 The grants will be paid for the financial year 2020-2021 to businesses that meet the eligibility Criteria, and which will be fully funded by central government. Tameside businesses need to apply for the grants via application forms on the Councils website and payments will be made directly into the bank accounts of those businesses that qualify, after due diligence against potential fraud has been undertaken.
- 1.7 This report will focus on the mandatory grant schemes, which went live in Tameside on 10 November 2020 and in particular: the Local Restriction Support Grant (Closed), Local Restrictions Support Grant (Sector) and Local Restrictions Support Grant (Addendum).
- 1.8 The discretionary grants – the Local Restrictions Support Grant (Open) and Additional Restrictions Grant will be subject to a separate report by Strategic Growth who will administer these.

## 2 OVERVIEW OF MANDATORY GRANTS

- 2.1 Following guidance being released by BEIS a series of FAQ factsheets have been released at the rate of one per week to clarify a considerable number of issues raised by local authorities in the determination and administration of grants including the continual change in reporting requirements.

- 2.2 A number of points regarding eligibility are common to all mandatory grants as detailed in this section, and which are not exhaustive, however the key points are detailed here. Businesses will be eligible to receive a grant for each eligible premise within a local lockdown area.
- 2.3 All grants that are paid are subject to state aid rules. Businesses that may have already received grant payments awarded at the start of lockdown or a discretionary grant and which equals or exceeds the maximum levels of state aid permitted and the Covid-19 Temporary State Aid Framework temporarily increasing state aid up to €800,000 will not qualify.
- 2.4 Businesses subject to insolvency, or in administration, are not eligible to claim a grant and businesses that have chosen to close, but had not been required to do so, will not be eligible to claim.
- 2.5 The amount of payment is the same for each mandatory grant as follows for the relevant qualifying period:
- Businesses occupying premises appearing on the local rating list with a rateable value of less than £15,000 will receive a payment of £667 14 day qualifying restriction period.
  - Businesses occupying premises appearing on the local rating list with a rateable value of exactly £15,000 and less than £51,000 will receive a payment of £1,000 14 day qualifying restriction period.
  - Businesses occupying premises appearing on the local rating list with a rateable value of £51,000 or more will receive a payment of £1,500 for each qualifying restriction period.

### **3 MANDATORY GRANT - LOCAL RESTRICTIONS SUPPORT GRANT (Closed)**

- 3.1 This is a mandatory grant aimed at businesses that had to close as a result of the area being placed in Tier 3 of COVID restrictions. Businesses that will be eligible for this funding are those which;
- were open and providing in-person services to customers from their business premises and
  - were required to close for a consecutive period of not less than 14 days as a result of regulations made under the Public Health (Control of Disease) Act 1984;
  - had their first full day of closure on or after 9 September 2020.
- 3.2 Tameside's first day of being in Tier 3 is deemed to be 23 October 2020 until 04 November 2020 when national lockdown started so LRSG (Closed) would be payable to eligible businesses for the 13 day period pro rata. BEIS have confirmed that in this instance the 13 day period of closure should be paid although the guidance states that businesses must close for not less than 14 consecutive days.

### **4 MANDATORY GRANT – LOCAL RESTRICTIONS SUPPORT GRANT (SECTOR)**

- 4.1 This grant, as the name implies, is aimed at specific business sectors that had been required to close nationally from 23 March 2020 onwards, however grant funding can only be awarded to eligible business from 01 November 2020 onwards and is not retrospective.
- 4.2 Businesses that are eligible to receive this funding are:
- Nightclubs, dance halls, and discotheques;
  - Sexual entertainment venues and hostess bars.

- 4.3 The amount of grant for the period 01 November to 04 November 2020 (eligible period prior to national lockdown commencing on 05 November 2020) is to be paid pro rata at the same rate as other mandatory Local Restrictions Support Grant (Closed) as detailed in Section 2.5 of this report.

## **5 MANDATORY GRANT – LOCAL RESTRICTIONS SUPPORT GRANT (ADDENDUM)**

- 5.1 This particular grant covers the period 05 November 2020 (date of national lockdown) to 2 December 2020 and is aimed at businesses that are mandated to close to manage the spread of coronavirus and includes non-essential retail, leisure, personal care, sports facilities and hospitality businesses.
- 5.2 The rate of payment of grant is the same as LRSG (Sector) and (Closed) as detailed in Section 2.5 of this report, however, payment is to be made per 28 day period we are in lockdown as follows:
- Businesses occupying premises appearing on the local rating list with a rateable value of less than £15,000 will receive a payment of £1,334 28 day qualifying restriction period.
  - Businesses occupying premises appearing on the local rating list with a rateable value of exactly £15,000 and less than £51,000 will receive a payment of £2,000 28 day qualifying restriction period.
  - Businesses occupying premises appearing on the local rating list with a rateable value of £51,000 or more will receive a payment of £3,000 for each qualifying restriction period.
- 5.3 Grant funding will be issued to local authorities at the beginning of the 28-day payment cycle, which is the first day nationwide restrictions come into force. If the allocation proves insufficient for all eligible businesses, top-up funding will be provided. Funding will then be provided on a rolling 28-day basis for as long as national restrictions apply.

## **6 FUNDING AND REPORTING ARRANGEMENTS**

- 6.1 The government have confirmed that local authorities will be reimbursed in full for all grants that are paid to eligible businesses that are affected. Payments will be made under section 31 of the Local Government Finance Act 2003, however grant funding letters have not yet been received for all grants from BEIS.
- 6.2 Funding arrangements with regard to grants is not known beyond 02 December 2020 when national lockdown is expected to end, however BEIS have suggested that grant type will resume relative to which Tier each area is placed in at the time national lockdown ends.
- 6.3 The Council will be required to keep records of all grants paid and data must be submitted weekly to the Department of Business, Energy and Industrial Strategy (BEIS). Reporting to BEIS will include:
- Numbers of businesses eligible for each grant scheme
  - Number of payments made each week by grant type
  - Number of payments pending/to be considered
- 6.4 The government has committed to meeting the additional cost to the Council for this scheme and a New Burdens assessment is to be undertaken. To date this funding has not yet been communicated to the Council.

- 6.5 During week commencing 16 November 2020, BEIS requested local authorities to record additional information to that which had been previously requested, and upon which applications had been made. Most of the information requested cannot be recorded on the business rates system and will have to be collected manually. Additional new burdens funding has been requested specifically for data collection.
- 6.6 BEIS have made clear that the additional reporting is to include the following, which is not an exhaustive list
- Unique identifier for each business ie Companies House reference number, VAT number, Self-Assessment Number, National Insurance Number etc none of which is required to process a grant application
  - Size of business the grant relates to and number of employees
  - Business sector using a set of codes provided by the Office of national Statistics (ONS)
- 6.7 BEIS have further confirmed that all data submitted will appear in grant payment local authority league tables, which will be published on a regular basis.
- 6.8 In addition to reporting to BEIS, robust monitoring of spend by grant type must be made to ensure that grant funding reconciliations are maintained.

## **7 PROGRESS TO DATE**

- 7.1 Given the complexity, scale of task, timescales for implementation and resource identification good progress to date has been made.
- 7.2 The application form for the mandatory grants went live on 10 November 2020 after approval from internal audit had been secured. As at 20 November 2020, a total of **654 applications** have been received and 110 paid to date to the value of **£143,434**. The assessment of each application must follow specific criteria to ensure that the application is eligible and to guard against potential fraudulent claims being made.
- 7.3 With the release of each FAQ document changes have been made to either the application or assessment process, however the eligibility criteria has remained the same.

## **8 RISKS**

- 8.1 This additional work comes at a time when three other new government initiatives are being administered within Exchequer Services in addition to existing increasing demand and increasing volumes of day-to-day work as a result of COVID-19. Each new initiative requires additional resource, new process set up, IT solutions and additional management responsibilities. The new additional work is sizeable in terms of volume includes the Track and Trace Self Isolation payments, the Housing Benefit Accuracy project imposed by the DWP, the Discharge to Assess for financial assessments for care services from March lockdown imposed by DoHSC.
- 8.2 The collection of Council Tax, Business Rates, Housing Benefit overpayments and income from Sundry Debts as well as prompt payment of Housing Benefit and Council Tax Support remains vital to support the Councils overall budget position, and also to support the most financially vulnerable in the Borough. Resources are considerably stretched.
- 8.3 Colleagues across the organisation are supporting this process notably Internal Audit to ensure processes and systems are robust in relation to the guidance received, Finance to ensure appropriate reconciliation of monies paid, IT for on-line forms and interfaces, Marketing and Communications for publicising the grant payments.

- 8.4 Fraudulent claims could be made and it is therefore essential that the processes in place are robust and ensure that sufficient evidence is collected to verify that the claims are legitimate. Post payment checks will also be made.

## **9 CONCLUSION**

- 9.1 The Council will administer the mandatory Local Restrictions Support Grants to all eligible businesses where localised and national restrictions apply.
- 9.2 Localised restrictions are imposed on specific local authorities or multiple local authority areas, where the Secretary of State for Health and Social Care requires the closure of a business in a local area under regulations made using powers on Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus.
- 9.3 There are three mandatory grants payable to eligible businesses as follows:
- Local Restriction Support Grant (Closed)
  - Local Restrictions Support Grant (Sector)
  - Local Restrictions Support Grant (Addendum)
- 9.4 A common set of principles applies to all grants:
- Businesses will be eligible to receive a grant for each eligible premise within a local lockdown area
  - All grants that are paid are subject to state aid rules. Businesses that may have already received grant payments awarded at the start of lockdown or a discretionary grant and which equals or exceeds the maximum levels of state aid permitted and the Covid-19 Temporary State Aid Framework temporarily increasing state aid up to €800,000 will not qualify.
  - Businesses subject to insolvency, or in administration, are not eligible to claim a grant and businesses that have chosen to close, but had not been required to do so, will not be eligible to claim.
- 9.5 Central government will fully fund the mandatory schemes via Section 31 of the Local Government Finance Act 2003. New burdens funding has been promised however this does not cover the additional reporting requirements identified by BEIS after grant applications opened and for which additional new burdens funding has been requested.
- 9.6 Payment of each mandatory grant type is the same for each 14-day period that the business is eligible however the LRSG (Addendum) is to be paid once in 28 day period. Additional resource has been secured from across the organisation to support the grant process.

## **10 RECOMMENDATIONS**

- 10.1 As set out at the front of the report.





## APPENDIX 1

Grant name	Time period	Eligible Business Type	COVID Status for grant	Local Authority discretion ary allowed	Amount of grant (dependent on rateable value RV of business premises)	Additional Information
Local Restrictions Support Grant (Closed) <b>Addendum</b>	5/11/20 to 2/12/20	Non-essential retail, hospitality and leisure businesses appearing on the local business rating list	National Lockdown	No	1 x payment to cover 28 days  RV of exactly £15k or under = £1,334  RV over £15k and less than £51k = £2,000  RV of exactly £51k or above = £3,000	
Local Restrictions Support Grant <b>(Closed)</b>	23/10/20 to 04/11/20	Bingo halls/ Soft play centres and areas/ Betting shops/ Adult Gaming Centres/ Casinos/ Arcades/Pubs/Bars that do not offer substantive meals, businesses must appear on the local business rating list	Tier 3 (Very High)	No	Pro rata based on 14 day payment  RV of exactly £15k or under = £667  RV over £15k and less than £51k = £1,000  RV of exactly £51k or above = £1,500	From 05 November 2020 businesses in this category will fall under Local Restrictions Support Grant (Closed businesses) Addendum
Local Restrictions Support Grant <b>(Sector)</b>	01 Nov 2020 to 04 Nov 2020	Businesses in specific sectors subject to National Closures since 23 March 2020 i.e. Sexual Entertainment Venues/ Hostess Bars Nightclubs/ Dance Halls and Discotheques	Tier 2 (High) and Tier 3 (Very High)	No	Pro rata of 14 day payment  RV of exactly £15k or under = £667  RV over £15k and less than £51k = £1,000  RV of exactly £51k or above = £1,500	From 05 November 2020 businesses in this category will fall under Local Restrictions Support Grant (Closed)

Local Restriction Support Grant <b>(Open)</b>	05 August 2020 – 4 November 2020)	Businesses not legally required to close but who were severely impacted by restrictions in place	Tier 2 type restriction, Tier 2 (High) and Tier 3 (Very High)	Yes	Not yet confirmed	
Additional Restrictions Grant	From 5 November 2020	To be confirmed.	Tier 3 (Very High) and National Lockdown	Yes	Not yet confirmed	