

Report to: EXECUTIVE CABINET

Date: 10 February 2021

Executive Member: Councillor Oliver Ryan - Executive Member Finance and Growth

Reporting Officer: Jayne Traverse Director of Growth

Subject: **ADDITIONAL RESTRICTIONS GRANT AND LOCAL RESTRICTIONS SUPPORT GRANT OPEN PROPOSED SCHEME CHANGES**

Report Summary: The Additional Restrictions Grant and Local Support Restrictions Grant Open launched on the 10 December 2020 and were considered by Cabinet on the 16 December 2020. These two grants are part of a family of grants announced by the Government in response to the second National Lockdown in November 2020. The third National Lockdown began on the 5 January 2021 and has no fixed end date. In response to the changing impact of COVID19, an increase to funding available and the Government's latest correspondence to Local Authorities the report proposes changes to the ARG scheme.

Recommendations: That it be recommended Executive Cabinet approve the proposals set out in this report in section 3 are agreed and the Additional Restriction Grant scheme updated immediately.

Corporate Plan: In response to the third national lockdown changes are required to the Council's discretionary grant schemes for business.

Policy Implications: The schemes could remain as adopted in December 2020, this option has been rejected based on introduction of a third lockdown, the impact on local business and an increase to the Additional Restrictions Grant funding by Government.

Financial Implications: As set out in paragraph 1.2, the Council is now administering ten different funding streams to provide different business support grants. This report is focused on the two discretionary funding streams for business rates grants – Local Restrictions Support Grant (Open) and Additional Restrictions Grant. The operation of these grant schemes was originally set out in a report to Executive Cabinet on 16 December 2020.

(Authorised by the statutory Section 151 Officer & Chief Finance Officer)

Local Restrictions Support Grant (LRSG) Open

The Council has received an allocation of LRSG Open for the period 1 August to 4 November 2020 of £1,811,940. A further allocation of £46,126 was received for the period following 2 December 2020, bringing the total allocation for LRSG Open to date to £1,858,066. No further funding is expected if the Council makes grant awards in excess of this allocation for the period up to 5th January.

To date the Council has paid out £726,745 in LRSG Open grants to 205 businesses. Applications to the value of £398,800 are still being assessed and 173 potentially eligible businesses have been identified who have not yet applied.

No changes are being proposed to the LRSG Open scheme in this report.

Additional Restrictions Grant (ARG)

The Council received £4,792,000 in November 2020 for the period from 24 October 2020 on the understanding that no further funding would be received for the 2020/21 and 2021/22 financial years. Subsequently, additional ARG funding of £2,011,949 was paid in January 2021, resulting in total available funding £6,803,949. The additional funding was provided with a clear expectation that this would be spent 'without delay'.

Following approval of the ARG scheme in December 2020, the Council has paid grants totalling £346,500 to 249 businesses and is currently assessing a further 153 applications with a total value of £236,000. Based on the rate of applications since the scheme launched, approximately 434 further applications might be expected with a total value of £635,000 based on the scheme as approved in December. If this level of applications were to materialise, based on the current scheme, the total forecast grants to business by mid March is £1,217,500.

This report proposes that the ARG scheme is amended to increase the award level to businesses. The increased award will be retrospectively paid to all businesses who have already successfully applied for an ARG grant. Based on the current and forecast numbers of applications, the increased award levels set out in the revised scheme are estimated to result in total grant payments of £4,856,000 by the end of March 2021. The estimated application numbers are based on experience to date and numbers may increase if the amount of grant on offer is increased. The scheme will therefore operate on a first come first served basis and the scheme will be reviewed on 1 April 2021 or once the total value of applications reaches £4,856,000 (whichever is sooner).

The balance of £1,947,949 unallocated ARG funding will be held in reserve to fund any future changes or expansion of the scheme.

This revised scheme is to operate on a first come first served basis until the ring fenced amount of £4,856,000 has been spent. It will therefore be critical that the application and processing arrangements provide a clear audit trail and accurate monitoring to ensure that grant awards do not exceed the allocated funding.

The operation of these grant schemes continues to be complex and administratively time consuming. Government has provided some new burdens funding for the various grants streams but this may not sufficiently offset the impact of this work on the delivery of other Council objectives and priorities.

Legal Implications: (Authorised by the Borough Solicitor)

The full legal implications in relation to this scheme were set out in the cabinet report of 16 December 2020.

With regards to the updates to the scheme care as ever needs to be taken to ensure that the scheme is managed in accordance with the government guidance and also that there is a robust process of due diligence to identify fraudulent claims and minimise the capacity for errors to be made.

It is possible that utilising a first come first served approach could limit the availability of the scheme to those who do not access the scheme promptly and not necessarily achieve the outcomes expected. Should this approach be adopted it will be necessary to

undertake an Equality Impact Assessment and also engage with communications colleague to ensure that all of the Tameside community is aware of this scheme and how to apply for it.

Members need to be satisfied by paying more to those who have already received they are meeting the criteria that has been set out by Government in their recent letter and able to justify that the scheme feels it supports the businesses that need it and we have robust plans to support ongoing needs:

*'Similarly, it is imperative that the Additional Restrictions Grant (ARG) **delivers support where each Local Authority feels it is most needed.** The Government has given you flexibility to spend this funding until the end of the 2021-2022 financial year. However, **we expect each Local Authority to have a robust plan in place to ensure the scheme meets the ongoing needs of businesses in their local area.** The additional ARG allocation announced on 5 January by the Chancellor is also expected to be spent without delay, to help support those businesses that are affected by the new national restrictions even if not required to close.'*

Members need to be satisfied that any scheme proposal is reasonable and rational.

Risk Management:

Set out in the report.

Access to Information:

The background papers relating to this report can be inspected by contacting the David Berry, Head of Economy, Employment and Skills by:



Telephone: 0161 342 2246



E-mail: david.berry@tameside.gov.uk

1.0 INTRODUCTION

1.1 The Additional Restrictions Grant and Local Restrictions Support Grant (LRSG) (Open) launched on the 10 December 2020 and were considered by Cabinet on the 16 December 2020. These two grants are part of a family of grants announced by the Government in response to the second National Lockdown in November 2020. Further grants have also been announced since the ARG and LRSG (Open) schemes were launched in Tameside. The full list of grants in operation are provided below (there are now 10 separate guidance documents covering these schemes on gov.uk and also several Frequently Asked Question Documents provided direct to Local Authorities).

1.2 Businesses have reported confusion due to the number of Government grants and the complexity of eligibility criteria over different time periods. Tameside Council is required to follow the national guidance and report on the take up of each grant to Government and therefore has to communicate the grants to businesses in the simplest way possible while adhering to Government funding streams.

Introduced since October 2020

- Local Restriction Support Grant (Closed)
- Local Restriction Support Grant (Closed Addendum)
- Local Restrictions Support Grant (Closed Addendum Tier 4)
- Local Restriction Support Grant (Closed Addendum) 5 January onwards
- Local Restriction Support Grant (Sector)
- Local Restriction Support Grant (Open) (Discretionary)
- Local Restriction Support Grant (Open) 2 December onwards (Discretionary)
- Additional Restriction Grant (Discretionary)
- Christmas Support Payments (wet led Pubs)
- Business Support Package for January 2021

1.3 The third National Lockdown began on the 5 January 2021 and has no fixed end date. In response to the changing impact of COVID19 on the economy, additional funding and the Government's latest correspondence to Local Authorities the report proposes changes to the ARG scheme. The key dates that impact on eligibility for the schemes include:

- Household Restrictions from 1 August 2020
- Tier 2 from 00:01 14 October 2020
- Tier 3 from 00:01 23 October 2020
- National Lockdown 2 from 00:01 5 November 2020
- Tier 3 (redefined and more stringent) from 00:01 2 December 2020
- Tier 4 from 00:01 31 December 2020
- National Lockdown 3 from 00:01 5 January 2021

1.4 This report proposes to:

- A. Increase the current award levels on ARG to make the scheme more generous
- B. Commitment to explore other options for the use of ARG including learning from other Local Authorities and continuing to lobby Government for more funding for domestic based businesses.
- C. Ring fence a small reserve fund for future use

1.5 This report includes 3 appendices setting out the draft ARG Scheme (based on new proposals) and the successful applicants to the ARG and LRSG (Open) schemes at 25/01/2021.

2.0 BACKGROUND

2.1 At 25 January 2021 4,146 grants have been paid to the value of £5,516,664 across all COVID19 business schemes to 1,468 Tameside businesses. Table 1 below sets out grants paid on all business schemes in operation.

Table 1 Tameside grants paid by scheme	Number	Amount (£'s)	% of allocation used (discretionary only)
Additional Restrictions Grant	249	346,500	5.09% of £6,803,949.04
LRSO Closed Addendum	1958	3,588,020	N/A
LRSO Open	205	726,745	39.11% of £1,858,066
LRSO Sector	2	381	N/A
Christmas Support Payments	95	95,000	N/A
LRSO Closed (Pre 5th Nov)	144	99,083	N/A
LRSO Closed (Post 2nd Dec)	1473	660,935	N/A
Total	4,146	5,516,664	

2.2 At 25 January 2021 454 grants to the value of £1,073,245 have been provided on the discretionary ARG (5.09% of allocation) and LRSO Open (39.11% of allocation) schemes. Table 2 below provides an outline of common business type that can apply to each of the discretionary grants (eligibility can only be determined through full review of the schemes and assessment following application).

Table 2 Examples of eligible businesses		
Grant Scheme	Example of common eligible (current scheme) <u>Not exhaustive</u>	Not Eligible (current scheme)
ARG	<p>Operating from commercial premises</p> <p>Examples:</p> <ul style="list-style-type: none"> Forced to close not on business ratings list such as hairdressers and beauticians paying for a chair or room in a salon; non essential retail including market traders Supply chain of businesses forced to close, such as wholesale food suppliers, breweries, events organisers Open but suffering reduced trade due to low footfall, such as dry cleaners, sandwich shops, florists, fancy dress shops, convenience shops Open and affected such as, childcare providers with reduced numbers; manufacturers with reduced orders, car repairs with less trade 	<ul style="list-style-type: none"> Businesses in receipt of LRSO (Closed); (Closed) Addendum; or (Sector) grants Businesses without commercial premises in Tameside, such as small businesses trading from domestic premises or working from a mobile unit such as a car, van or boat Business registered in Tameside but trading outside the Borough

Local Restrictions Support Grant (Open)	Operating from commercial premises within the Hospitality, Accommodation & Leisure sectors , trading on 31 July and affected by tier restrictions from 1 August to forced closure. Examples include, but are not limited to: <ul style="list-style-type: none"> • Hotels and B&B's • Restaurants, pubs, bars and café's • Leisure activity businesses including gyms, bowling clubs, dance schools, golf clubs, cricket clubs, children's play centres 	Businesses outside the Hospitality, Accommodation & Leisure sectors.
--	---	--

2.3 The LRSG (Open) initial allocation was for the period 1 August - 22 October equalling £1,811,940. This was followed by a further £46,126 in December 2020 for the period following 2 December 2020. The total allocation for LRSG Open to date is £1,858,066.

2.4 The ARG allocation was originally provided as a one off payment through GMCA of £4,792,000 for the period up to March 2022 (Cabinet approved £2m of this to be spent in an initial first come first serve basis with £2.7m retained to support LRSG Open overspend, which has not occurred to date). The Government then provided extra ARG funding in January 2021 via GMCA of £2,011,949.04. Tameside now has a total of £6,803,949.04 for ARG with a clear mandate from Government to spend £2.01m of this without delay with a robust plan for our entire allocation. See extract below from Secretary of State's letter to Chief Executives on 7 January 2021:

'Similarly, it is imperative that the Additional Restrictions Grant (ARG) delivers support where each Local Authority feels it is most needed. The Government has given you flexibility to spend this funding until the end of the 2021-2022 financial year. However, we expect each Local Authority to have a robust plan in place to ensure the scheme meets the ongoing needs of businesses in their local area. The additional ARG allocation announced on 5 January by the Chancellor is also expected to be spent without delay, to help support those businesses that are affected by the new national restrictions even if not required to close.'

2.5 Since the discretionary schemes opened on 10 December 2020 applications have been consistently received and now total 1,524 across both schemes (654 to ARG) and (870 to LRSG Open).

2.6 Good quality marketing and communications has been an important element of our approach to ARG and LRSG Open. Key marketing and communications activity across digital and traditional forms is set out below. We have generated a large number of applications to date (1,524) and with an increased rate of applications in the last 7 days which demonstrates our communications have been effective so far.

- Webpage with scheme information and application page
- TMBC press release (11 December 2020)
- Regular eshot to 2,500 Tameside businesses (businesses have specifically signed up to the eshot for the purpose of information on the grants). (10 December 2020, 6 and 14 January 2021).
- Regular Twitter postings advertising grants (3x per day)
- Boosted Facebook post (January 2021)
- Provided content to business network organisations (Chamber/Federation for Small Business) for their membership
- Tameside Radio interview with Executive Member (14 January 2021)

- Tameside Reporter content (11, 17 December 2020 and 14 January 2021)
- Direct email to sector specific businesses important to local economy during lockdown (January 2021)
- Direct email to potential eligible businesses based on LRSG Closed applicants (January 2021)
- GM Growth Hub marketing and signposting to our scheme from their advisors and GM campaigns

2.7 The following provides a summary of Tameside businesses that have benefited from ARG upto 21 January 2021:

- Business Size
 - 84% micro 0-9 employees
 - 14% small 10-49 employees
- Business Sector (self classified) –
 - 34% 'Other',
 - 24% 'Wholesale',
 - 11% 'Manufacturing',
 - 8% Hotels and Catering,
 - 5% Recreation and Culture.

(Please note that sector is reported by the application through self classification, TMBC is required by Government to use and report on these classifications).

2.8 Table 3 sets out the number of business in Tameside by sector type (commercial and domestic based) compared to LRSG (Open) and ARG applications and paid. The table does not include LRSG Closed type payments. The table shows that hospitality, accommodation, leisure and retail are the main areas of application and paid against the business sectors as to be expected with the nature of the schemes. In the future we will look to target manufacturing, childcare and other sectors eligible for ARG.

2.9 The sectors as reported for the ARG and LRSG (Open) are in line with those provided by the government for the grant scheme data returns. Each applicant self-selects their sector from a drop down list on the grant application form.

2.10 The Office for National Statistics (ONS) UK business count tallies the number of businesses that are VAT and PAYE registered and categorises them into sectors. Where these sectors do not match those requested in the Government's grant returns list, we have matched them where possible.

Sector by Government set reporting requirement	ARG Applied	ARG Paid	LRSG (Open) Applied	LRSG (Open) Paid	Number in Tameside Economic Baseline (from ONS)	Notes
A: Agriculture;	1	1	1	1	45	Reported as Agriculture and Mining by ONS
B: Mining and Quarrying;	0	0	0	0		
C: Manufacturing;	29	23	9	0	565	
D: Energy;	2	1	0	0	30	Reported as Utilities and Waste by ONS
E: Water Supply;	0		1	0		
F: Construction;	12	6	3	0	895	
G: Wholesale and Retail;	159	52	80	11	1185	Reported separately by ONS

H: Transport and Storage;	23	10	10	0	260	Reported separately as Warehousing & Logistics and Transport by ONS
I: Hotels and Catering;	118	19	163	102	570	Reported as Hospitality, Leisure and Recreation by ONS
R: Recreation and Culture	36	12	71	34		
J: IT;	7	5	3	0	300	Reported as ICT and Digital by ONS
K: Finance and Insurance;	6	3	0	0	1350	Reported as Business Support Services and Financial and Professional services by ONS
L: Real Estate;	3	1	3	0		
M: Professional, scientific;	18	10	8	0		
N: Admin Services;	1	1	1	0		
O-Q: Public Services;	24	10	13	3	365	Reported as Public admin, education and health by ONS
STU: Other services	216	92	157	55	275	

3.0 PROPOSED CHANGES TO ARG

- 3.1 Tameside's schemes have been designed in alignment with Government guidance and also Greater Manchester design principles as agreed by Leaders. The proposals in this report have been considered alongside other GM LA published updates to their schemes to support consistency where possible and appropriate. The fund will continue to be managed by Growth with a project team including Finance and Audit to ensure that the fund does not overspend.
- 3.2 No changes are proposed to the LRSO Open scheme at this stage. The Council has spent 39% of allocation to date and has contacted a further 173 businesses that have applied to the LRSO Closed Addendum fund that have not applied to the LRSO Open fund and may be eligible due to their sector (Hospitality / Leisure/ Accommodation). Should these business apply this will utilise a significant amount of the remaining allocation. There are also £398,800 of applications currently being assessed for eligibility.
- 3.3 The ARG scheme is fundamentally sound with broad eligibility criteria enabling any Tameside Trading Business in commercial property that has been severely impacted by COVID19 to apply for a one off payment. The evidence criteria was also streamlined compared to previous discretionary schemes to support business to apply. Other GM schemes are not as wide and focus on specific sectors such supply chains.
- 3.4 The Tameside ARG scheme has spent 5.09% to date for the following reasons:
- The scheme was faithful to the GM Leader design principles and was targeted on those not receiving the other grants set out in section 1.2. Due to this criteria the 3,672 LRSO (Closed) type grants have been paid to businesses reduced potential ARG applicants.
 - Potential applicants have been confused by the number of grants and their criteria. With 10 grants and 7 periods of eligibility since August 2020 this is not a surprise. The

Council has continually simplified messaging and communications. 1000+ emails and 300+ telephone calls have been dealt with on discretionary grants to date.

- Businesses have reported grant fatigue in terms of understanding and applying and may have chosen not to apply, especially if they thought the award level was too low.
- Businesses have been dealing with Lockdown 2 and reopening, Christmas, Brexit and Lockdown 3 and reopening along with a global recession and may not have been able to prioritise applications to date.
- Due to the volume of applications to both discretionary schemes (1,524) this has dictated TMBC resource be focused on processing rather than direct telephone marketing to sectors such as manufacturing.

- 3.5 The following changes (Proposals A and C) to ARG will enable Tameside Council to have a robust plan to utilise 100% of ARG funding, spending 71% (Proposal A) by 1 April 2021 with 29% in reserve (Proposal C).
- 3.6 The first come, first serve approach enables the Council to pay businesses immediately on completion of all eligibility checks and provides assurance to the business on a minimum award level as set out in the scheme.
- 3.7 Should any of the options be approved we would update the Scheme and communicate those changes to the business community immediately.

Table 4 Proposals			
Proposal	Estimated cost	Rationale	Considerations
<p>A. Make the existing ARG scheme more generous to commercial based business and increasing targeted marketing to eligible sectors.</p> <p>Increase the existing award levels as set out in the table 5 (applied retrospectively also).</p> <p>First come first serve basis continues with a review at 1 April 2021 or when the total value of applications reaches £4,856,000 (whichever is sooner).</p>	<p>£4,856,000</p> <p>supporting 836 businesses</p>	<p>This is expected to increase spend from £346K to £4.8m (71% of total allocation by 1 April 2021).</p> <p>Award levels were set at cautious amounts to enable the ARG to be utilised by as many businesses as possible, increasing levels would provide more financial support to those applicants who have not accessed other grants.</p> <p>Currently 249 businesses have benefited and we estimate this would increase to 836.</p>	<ul style="list-style-type: none"> • £6.2m of ARG is still available and unallocated for use and increasing levels would not cause overspend on existing applications. • Those already paid would welcome top up. Retrospective payments would increase our allocation to 21% immediately. 84% of beneficiaries are micro businesses. • More businesses may apply in future if award levels were higher. • This would help the Council to meet the new expectation of business created by the Closed Business

			Lockdown (non business rate payers may expect to receive ARG payments of £4k, £6k or £9k.
B. Commitment to explore other options for the use of ARG including learning from other Local Authorities and continuing to lobby Government for more funding for domestic based businesses.			
C. Retain a proportion of the ARG in reserve	£1,947,949	For use in any future changes to the scheme (as per option B) or future unknown events such as fourth National Lockdown	<p>Enables the Council to respond to future unknown events.</p> <p>May lead to criticism from Government and business community that the entire allocation is not spent in the immediate future.</p> <p>The guidance outlining the winter expansion of ARG alongside further new LRSG (Closed) grants once more states that no more funding will be issued. A reserve allows some buffer for future discretionary funding to be provided to businesses.</p>

Table 5 – Proposal A detail Make the existing ARG scheme more generous to commercial based business and increasing targeted marketing to eligible sectors.					
Award level tiers	Existing award	Proposed award (retrospectively applied)	Spend already paid	Spend being processed from existing applications	Spend <u>expected</u> eligible applications now to 16 March 2021
0-9 employees	£1,000	£5,000	249 awards £346,500 uprated to £1,435,000	153 in assessment and processing £897,000	434 new eligible applications expected* £2,524,000
10-49 employees	£2,500	£9,000			
50-249 employees	£10,000	£15,000			
250+employees	£20,000	£25,000			
*The expected eligible applications is an estimation. The estimation is based on an average daily application rate of 14 since 10 December 2020. This application rate has risen to 19 in the last 7 days due to increased marketing. The estimation is also based on our current ineligibility rate of 38% for ARG applications taken to date. The figure of expected eligible applications may fluctuate.					

4.0 SUPPORTING INFORMATION

- 4.1 Across GM LAs the only main difference between eligibility (prior to 25 January 2021) for the schemes centres on payments from ARG to businesses that have received LRSG Closed grants for example non essential retailers. The majority of GM LAs have not taken this approach due to the value of support provided by LRSG Closed Grants and also to keep ARG for those not eligible for mandatory ongoing payments.
- 4.2 Since 25 January 2021 Rochdale and Bury Councils have both made changes to their ARG schemes to include some form of domestic based business application. A summary of each is provided below for information:
- Rochdale – for micro business who do not have a separate business premise. Not a wage support measure. Cannot have received ARG or LRSG. Have at least £500 of fixed costs. Business must have a strong financial need and tried to mitigate the impact of COVID19. Evidence minimum annual income of £5000 before COVID or pro rata if newly established. Deadline set at 26 February 2021. Payments between £1,000 and £4,000 dependent on fixed business costs.
 - Bury – for micro or small business, payment award based on fixed outgoings and status of open or closed, either £677 or £1334 per 28 day period.
- 4.3 Tameside Council will continue to work with all GM LAs to understand changes to the ARG and inform future approaches.

5.0 CONCLUSION

- 5.1 The proposals set out in this report aim to enable the Council to allocate 100% of the ARG fund to planned activity and spend 71% of the allocation by 1 April 2021.