

Merton Council

Cabinet

7 December 2020

Supplementary Agenda

5 Local Restrictions Business Support Grant Scheme

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Committee: Cabinet

Date: 7 December 2020

Wards: All

Subject: Local Restriction Support Grants

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Tobin Byers, Cabinet Member for Finance

Contact officer: David Keppler, Head of Revenues and Benefits

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency. The policy was still being developed on the deadline date. It is important that the Additional Restrictions Grant Policy is agreed at Cabinet on 7 December 2020 otherwise the implementation and payment of these grants will be delayed.

Recommendations:

1. For Cabinet to review and agree the Additional Restrictions Grant Policy for Phase one
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To update Cabinet on the new Additional Restrictions Grant
- 1.2. For Cabinet to identify if any changes to the policy are required.
- 1.3. For Cabinet to note that demand for this discretionary scheme is very likely to outweigh the funding available and the council will not be able to help all businesses and business sectors with this funding.

2 DETAILS

- 2.1. On the 22 October 2020 the government announced additional funding to businesses under restrictions in Local Covid Alert Level High (LCAL2) and Very High (LCAL3).
- 2.2. This support is for businesses that are not legally required to close but which are severely impacted by the localised restrictions on socialising put in place.
- 2.3. National restrictions were announced on 31 October 2020 to come into force from 5 November 2020. From this date the Local Restrictions Support Grants (Closed) Addendum 5 November to 2 December scheme was introduced for businesses.
- 2.4. When the national restrictions were announced the government announced further support for businesses. The scheme is the Additional Restrictions Grant (discretionary scheme) and can be used across financial years 2012/21 and 2021/22.

- 2.5. The Local Restrictions Support Grants (Closed) Addendum 5 November to 2 December scheme was opened for applications on the 18 November 2020. As at 29 November, 260 grants totalling £458,424 have been paid.
- 2.6. The Local Restrictions Support Grants (Open) tier 2 is due to go live on 17 December 2020. Applications will be invited for the period 17 October to 4 November 2020 when London were in tier 2 restrictions.
- 2.7. Appendix A is a table detailing all the new Government grant schemes as at 30 November 2020.
- 2.8. **Additional Restrictions Grant**
- 2.9. Funding of £4,130,960 has been provided for this discretionary scheme.
- 2.10. The Government envisage that this will primarily take the form of discretionary grants, but authorities can use it for wider business support activities.
- 2.11. Government guidance states authorities can determine how much funding to provide to businesses and exactly what businesses to target.
- 2.12. The Government encourage authorities to develop a discretionary grant scheme to help businesses which while not legally forced to close have been severely impacted by restrictions put in place. The guidance examples businesses which supply the retail, hospitality and leisure sectors, or businesses in the events sector. These types of businesses were excluded from the initial Government grant scheme. Many of these have made numerous representations to the Council for support.
- 2.13. The Council could choose to help businesses outside of the business rates system, although the initial discretionary business grant scheme in the summer targeted these businesses.
- 2.14. Other London boroughs have indicated that they are looking at wider business support, such as supporting start-up businesses or employing support staff.
- 2.15. The Additional Restriction Grant fund is to support businesses up until March 2022 and the Government have stated that no further funding will be available even if there is another national lockdown.
- 2.16. The scheme will be application based and businesses will be expected to complete web forms and provide relevant evidence and information to validate applications.
- 2.17. It is proposed to have an initial application window, phase one, for the Additional Restrictions Grant scheme which opens on 17 December and will close on 6 January 2021.
- 2.18. For phase one, £2 million will be available to support businesses that meet the criteria.
- 2.19. It is hoped that grant payments will commence in January 2021. However, all applications will have to be reviewed before any payments are made. If there are more qualifying applications than funding available grant awards will have to be proportionately reduced.

- 2.20. In February 2021, there will be a review of the policy and report to Cabinet for agreement of phase two criteria. At this stage consideration will be given to wider business support initiatives.
- 2.21. The discretionary policy for Additional Restrictions Grant is detailed in Appendix B
- 2.22. For all grant schemes the Government expects the Council to undertake pre and post payment validation. Validation measures will be implemented prior to payment and the Fraud service will be engaged to assist with post payment assurance.
- 2.23. The Government also requires Council's to collate and report data for all businesses receiving grants. Performance returns are required.
- 2.24. The Chamber of Commerce and MVSC will be asked to promote the scheme and application process.
- 2.25. The Council will undertake a communication strategy to reach businesses in the borough to encourage applications. This will include using the Chamber of Commerce and BIDS to reach businesses.
- 2.26. The Revenues and Benefits team will review all applications. A decision making panel will sit and agree applications. The Director of Corporate Services will make final decisions on grants.

3 ALTERNATIVE OPTIONS

- 3.1. The Council could look to implement different local priorities for the policy.
- 3.2. Any unspent funding will need to be returned

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Consultation has been undertaken with the Chamber of Commerce.

5 TIMETABLE

- 5.1. Estimated time frame for implementation of schemes

Task	Time frame
Policy agreed Cabinet	7 December 2020
Testing of software and web form	11 - 16 December 2020
Call in period ends	14 December 2020
Web form goes live and applications open	17 December – 6 January 2021
Communications with businesses	17 December 2020
Payment awards from	20 January 2021
Phase one review	1 – 21 February 2021
Phase two approach agreed by Cabinet	22 March 2021
Call in period ends	29 March 2021

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The Council received £4,130,960 Additional Restrictions Grant funding. This discretionary scheme runs from 3 December 2020 to 31 March 2022. As this is a discretionary scheme if the Council pays out more than the funding the Council will have to meet the shortfall.
- 6.2. The Council's business rates system supplier have provided a solution to administer and award all grants. The cost of the new software is £17,500.
- 6.3. Staffing levels to administer the scheme will come from existing resources.
- 6.4. The Government have indicated that New Burdens funding will be provided to all Council's for the administration of the grants

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The Council is able to make such grants under the Localism Act and in line with Central Government Guidance as a result of the Covid 19 Pandemic.
- 7.2. In keeping with the Council's duties for transparency and to ensure that the Council is not subject to any judicial review challenge of its decisions the application criteria, application process and decision making process should transparently be available and all decisions on grants should be based solely on the criteria and clearly evidenced in any decision letter.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. An Equalities Analysis has been completed. (Appendix C)
- 8.2. The web form that has been designed links automatically to the business rates system. This enables the payments of the grants to be automated. Therefore, the web form will not enable the capture of equalities data.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. The Government expect pre-payment checking and have stated they will pursue and prosecute fraudulent awards.
- 9.2. The government have provided an online tool to help with verification.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. Plans must be made to ensure the service is not overwhelmed by the number of applications received.
- 10.2. The Council will need to monitor and ensure that applications can be reviewed, financially vetted and decisions made within the timeframes indicated above.
- 10.3. Additional resource should be made available if required.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1 – Table detailing the different grant schemes

- Appendix 2 – Additional Restrictions Grant Policy
- Appendix 3 - Equality Analysis

12 BACKGROUND PAPERS

12.1. Government Guidance and FAQ's

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<u>Official Grant Scheme Name</u>	<u>Period</u>	<u>Description</u>	<u>Awards</u>	<u>Grant to Merton</u>	<u>Awards to Businesses</u>	<u>Amount</u>	<u>Scheme Continues</u>
Local Restrictions Grant (Sector)	1/11/20 - 4/11/20	Nightclub Grant	Funding to those businesses closed by statute since first lockdown - nightclubs and sexual entertainment venues (from 4/11/20 payments will be made under LRSG(Closed)A)	tbc	RV LE £15K RV GT £15K and LT £51K RV GE £51K	£667 per 14 day period £1000 per 14 day period £1500 per 14 day period	Yes
Local Restrictions Support Grant (Closed)	Date of Tier 3 restrictions	Tier 3 Impacted Grant	Businesses closed due to tier 3 lockdown	n/a	RV LE £15K RV GT £15K and LT £51K RV GE £51K	£667 per 14 day period £1000 per 14 day period £1500 per 14 day period	Yes
Local Restrictions Support Grant (Open)	17/10/20 - 4/11/20 Period of Tier 2 lockdown in London	Tier 2 Impacted Grant	Funding to those businesses affected by the Local Restrictions in Tier 2 or 3 - specifically aimed at the Leisure and Hospitality Industries. This is a Discretionary Scheme and award levels are only those suggested by BEIS	£360,853	RV LE £15K RV GT £15K and LT £51K RV GE £51K	up to £934 per 28 day period (£634 pre lockdown) up to £1400 per 28 day period (£950 pre lockdown) up to £2100 per 28 day period - (£1424 pre lockdown) for periods of less than 28 days payments will be pro rata	Yes
Local Restrictions Support Grants (Closed) Addendum	5/11/20 - 2/12/20	2nd National Lockdown Grant	Funding to those businesses closed by statute on 2nd National Lockdown - to include non-essential retail, leisure, personal care, sports facilities and hospitality businesses	£3,099,762 To be topped up if necessary	RV LE £15K RV GT £15K and LT £51K RV GE £51K	£1334 per 28 day period £2000 per 28 day period £3000 per 28 day period	No
Additional Restrictions Grant	Amount paid can be spent up to 31/3/22	2nd National Lockdown Discretionary Grant	Discretionary Scheme to be decided by the Local Authorities	£4,130,960 £20 per head of population. No top up will be awarded.	This is a discretionary scheme and can be used to provide businesses with cash support or wider business support initiatives.		Until March 2022

From 3 December, post national lockdown, the funding and support to be advised

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Additional Restrictions Grant (ARG) – Discretionary Grant Policy 2020/21 to 2021/22

Government Guidance

Introduction

This support was announced on the 31 October 2020 for Local Authorities under national and Local Covid Alert Level 3 restrictions. It is not retrospective and the Council cannot vary this.

Local authorities can use this funding for business support activities. We envisage this will primarily take the form of discretionary grants, but LAs could also use this funding for wider business support activities.

Local Authorities can determine how much funding to provide to businesses from the ARG funding provided, and exactly which businesses to target.

However, we encourage Local Authorities to 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 – for example market traders.

Finally, Local Authorities could 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, with due reference to State Aid.

In taking decisions on the appropriate level of grant, Local Authorities may want to 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.

Managing the risk of fraud and payments in error

Local Authorities must continue to ensure the safe administration of grants and that appropriate measures are put in place to mitigate against the increased risks of both fraud and payment error. In this respect, grant administrators should consider supplementing existing controls with digital tools to support efficient, appropriate and accurate grants awards.

Pre- and post-event assurance

The general principle applies that Local Authorities are responsible and accountable for the lawful use of funds under Section 151 of the Local Government Act 1972. The Section 151 Officer within the Local Authority is required to exercise their duties in line with the Chartered Institute of Public Finance and Accountancy (CIPFA)

guidance, ensuring their oversight of the proper administration of financial affairs within the Local Authority, including these grants.

To deliver this assurance requirement, Local Authorities should develop pre and post-payment assurance plans for the grant scheme.

The volume and depth of checks that a Local Authority undertakes as detailed in these plans should be proportionate to the grant value versus the cost of the check, and informed by a Fraud Risk Assessment of the likelihood of error and/or fraud in the payments they have made.

The full guidance is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935130/additional-restrictions-grant.pdf

Merton's Policy

The Council has received £4,130,960. This funding is available to support sustainable businesses between 3 December 2020 and 31 March 2022

General approach

If the funding for the Local Restrictions Support Grant (Open) tier 2 of £360,853 is insufficient to fund all qualifying businesses for the period 17 October to 2 December 2020 then the ARG will be used as a top up for this period only.

The Council will adopt a phased scheme. An initial application scheme will be run to provide Merton businesses with direct grants. The initial grants awarded will not exceed £2,000,000.

There will be an application window and all applications will be administered and paid during January 2021.

Which properties will benefit from the discretionary grant phase one?

In phase one the Council will target support from businesses that have been excluded from any of the previous grant schemes and/or business rates relief support

The Council will invite applications from businesses that are:

- Business rates payers and those that were not supported by any of the previous grant schemes, such as businesses which supply the retail, hospitality, and leisure sectors and businesses in the events sector.
- New start-ups that have been in operation for less than two years where no previous grants or self-employed grants have been paid.
- Run from home and that employ staff

And can evidence at least a 50% reduction in income during the Covid-19 crisis

Only one grant per business will be paid and not multiple grants for businesses that occupy more than one premise.

The level of grants

For business rate payers

- Businesses with a rateable value of exactly £15,000 or below will receive £10,000
- Businesses with a rateable value of over £15,000 will receive a grant of £25,000 (there is no upper limit on the rateable value)

For new start-up businesses and businesses run from home.

- £5,000 for businesses with 5 or less employees
- £10,000 for businesses with 6 or more employees.

The funding for phase one is limited. If the proposed amount of grants due to be paid based on the criteria above exceeds the funding limit payments will be reduced proportionately.

Review

A review of phase one will be undertaken in February 2021. This review will be undertaken to:

- Identify any sectors and businesses excluded from any scheme
- Give consideration for more general business support initiatives
- Receive input from the Chamber of Commerce and the three Business Improvement Districts.
- Receive input from Future Merton

Criteria for phase two will be proposed, which may be different from phase one and may include further support for businesses that have already received support in previous schemes and also those paid in phase one of this scheme.

The phase two scheme will be agreed by Cabinet along with funding levels to be distributed. Cabinet will also decide if it wants a third scheme or further payments made to businesses previously supported at phase one or two.

The Council will look to provide support for sustainable businesses.

Merton's approach

The Council will invite applications for a 21 day period to be made via an online form on the Council's website. Businesses will be required to provide information and evidence to support the claim via the online form.

All applications will need to have been received and assessed before any grants are paid. This is to ensure that the allocated fund is not exceeded.

This evidence will be required to validate the claim and captured to provide to the Government. This information will include, evidence of property costs, bank details for the business, number of employees, type of business.

Businesses must have been trading on the first day of the national lockdown

Businesses will be required to confirm that they meet the criteria, and that the amount of relief is not in excess of State Aid limits. (See the De Minimis Regulations (1407/2013))

There will be pre and post payment checks undertaken.

Exclusions from the discretionary grant

Businesses that have received business rates relief for 2020/21 under the retail, hospitality and leisure relief or nursery relief

Businesses that have previously received grants under the initial small business, retail, hospitality and leisure grants and the discretionary grants schemes.

Businesses which have already received grant payments that equal the maximum levels of State aid permitted.

For the avoidance of doubt, businesses that were in administration, ceased trading, are insolvent or where a striking-off notice has been made at the date of the application are not eligible for funding under this scheme.

Businesses still subject to national closures (e.g. nightclubs) will not be eligible

Decision making

If the information requested is not provided, after working with the applicants, the application will be refused.

Decisions on applications and awards will be made at a panel consisting of:

- Director of Corporate Services
- Chief Executive of Merton Chamber of Commerce
- Chief Executive of MVSC
- Head of Revenues and Benefits
- Economy Manager

Final decision will be made by the Director of Corporate Services.

The applicant will be notified of the decision by email.

The progress and results from the scheme will be reported to Cabinet and BEIS

Appeals

Merton is not required to provide a right of appeal against any decision as this is because grants awarded under the Additional Restrictions Grant scheme are discretionary awards.

However, Merton will work with applicants to make sure they provide the necessary evidence to support a successful application.

The Council operates a complaints process for dissatisfied service.

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Equality Analysis



Please refer to the guidance for carrying out Equality Analysis (available on the intranet).
Text in blue is intended to provide guidance – you can delete this from your final version.

What are the proposals being assessed?	Local Authority Additional Restrictions Grants Policy
Which Department/ Division has the responsibility for this?	Corporate Services / Resources

Stage 1: Overview

Name and job title of lead officer	David Keppler, Head of Revenues and Benefits
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>Policy to enable award of discretionary grants to businesses. Funding of £4.1 million provided by Government. Local policy agreed by Cabinet.</p> <p>The aim of the Government grant is to help support businesses following the national lockdown.</p>
2. How does this contribute to the council's corporate priorities?	This addresses some concerns with the impact of small businesses and others in the community that have been affected by the pandemic economically and have not received any business support
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	<p>Local authorities are asked to identify local priorities although the Government state that Council's should look to support businesses that have not had any of the previous business support. Local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities.</p> <p>The Council will implement at least two phases for this support. Phase one will be to award £2 million in support.</p>
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	None – the Council has responsibility for delivering this scheme – the council will look to include MVSC and Chamber of Commerce in the decision making process

Stage 1

Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

This is a very recent addition to economic packages announced by Central Government to address the financial impact on business as a result of the pandemic.

We have used the guidance issued by Central Government as the underlying principles of the scheme although we have the discretion to modify to address any known local issues.

Consultation has taken place as outline in 4 above to inform the best model to impact on those most at need. There is no equality data available for businesses that will be potentially be applying for the grants. Many SMEs are run by women and BAME residents.

Applications will be assessed against the Council's criteria and policy by the decision making panel.

The grants may have a positive impact on businesses or organisations in the borough. Those that meet the criteria and receive grants will benefit.

The level of funding available will not match the likely demand and therefore there will be a negative impact on the businesses and organisations that do not benefit from the grants.

The council will engage with the chamber of commerce and MVSC to promote the scheme and invite applications to businesses and organisations meeting the criteria.

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		N		N	All local specialist businesses and Community Interest Companies will be able to apply if they meet the criteria.
Disability		N		N	All local specialist businesses and Community Interest Companies will be able to apply if they meet the criteria.
Gender Reassignment		N		N	
Marriage and Civil Partnership		N		N	
Pregnancy and Maternity		N			
Race		N		N	All local specialist businesses and Community Interest Companies will be able to apply if they meet the criteria.
Religion/ belief		N		N	
Sex (Gender)		N		N	All local specialist businesses and Community Interest Companies will be able to apply if they meet the criteria.
Sexual orientation		N		N	
Socio-economic status		N		N	All local specialist businesses and Community Interest Companies will be able to apply if they meet the criteria.

7. If you have identified a negative impact, how do you plan to mitigate it?

Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

Outcome 1 – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

Outcome 2 – The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

Outcome 3 – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully. If you propose to continue with proposals you must include the justification for this in Section 10 below, and include actions you propose to take to remove negative impact or to better promote equality in the Action Plan. You must ensure that your proposed action is in line with the PSED to have ‘due regard’ and you are advised to seek Legal Advice.

Outcome 4 – The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

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Stage 5: Improvement Action Pan

9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 6: Reporting outcomes

10. Summary of the equality analysis

This section can also be used in your decision making reports (CMT/Cabinet/etc) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome 1 Assessment

Stage 7: Sign off by Director/ Head of Service

Assessment completed by	David Keppler – Head of Revenues and Benefits	Signature: D Keppler	Date: 30.11.20
Improvement action plan signed off by Director/ Head of Service	Roger Kershaw – Assistant Director Resources	Signature: R Kershaw	Date: 30.11.20

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