

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.

This page is intentionally left blank