

## **Committee: Cabinet**

**Date: 22 March 2021**

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

### **Recommendations:**

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1. For Cabinet to review and agree the Additional Restrictions Grant Policy for Phase two
  2. To agree the Expanded Retail Relief Policy for 2021/22 (1 April 2021 to 30 June 2021 and give authority to agree any future Section 47 business rates discretionary policies to the Director of Corporate Services in consultation with the Cabinet Member for Finance
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To update Cabinet on phase one of the Discretionary Additional Restrictions Grant scheme.
- 1.2. For Cabinet to identify if any changes to the phase two policy are required.
- 1.3. For Cabinet to note that demand for this discretionary scheme is likely to outweigh the funding available and the council will not be able to help all businesses and business sectors with this funding.
- 1.4. For Cabinet to note the window required to assess all applications before any grants can be paid.
- 1.5. To update Cabinet on the 2021/22 Expanded Retail Relief Policy.
- 1.6. For Cabinet to agree to delegate all future Section 47 business rates relief policies to the Section 151 Officer.

## **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. 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.

- 2.3. 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.
- 2.4. Merton was allocated funding of £4,130,960 for this discretionary scheme.
- 2.5. On 7 December 2020 Cabinet agreed phase one of the discretionary scheme. The scheme targeted businesses that pay business rates and had received no support and also businesses run from home that employ staff.
- 2.6. Phase one of the scheme was allocated £2 million to be awarded in grants. As at the 10 March 2021 £1,095,000 had been paid to 57 businesses. Although the application window closed on 19 January 2021 there are still a small number of applications to be finalised where additional information is still required.
- 2.7. As the Council used one on line application form for all the different grant schemes it is not possible to accurately state the number of applications received specifically for the discretionary scheme. However, 642 applications were received and all assessed for the different grant schemes including the discretionary scheme.
- 2.8. A large number of applications were received and rejected as they failed to meet the criteria. The main reasons for these rejections were: businesses run from home by individuals, businesses in shared office or accommodation space, businesses that had previously received business rates relief and or grants. Providing they meet the lower rate of 40% or more loss of income they would be eligible under the scheme for phase two.
- 2.9. In early January 2021, when further national restrictions were announced, the Government allocated the Council a further £1,834,777 funding for the discretionary scheme. This took the total funding to £5,965,737.
- 2.10. Phase two of the discretionary scheme will consist of two streams.
- 2.11. Stream one will be outward facing wider business support initiatives administered by the Future Merton team.
- 2.12. This support will include:
  - Improvements to broadband connectivity in the boroughs black spots
  - Services and comms activities to continue the message on re-opening safely and inspiring residents to shop locally through wider promotional campaigns with local business groups.
  - Supporting opportunities around additional affordable local workspace and pop ups in empty premises.
  - Enhancing Merton's business spaces, High Streets and town centres.
- 2.13. Up to £1 million of funding will be allocated to the Future Merton team to procure support for businesses that will help ensure sustainability, development and enhance the high streets and our business premises offer. The focus will be on developing infrastructure which will support outcomes rather than activities aimed at individual businesses.
- 2.14. This funding will include the cost of employing new staff for the sole purpose of providing outward facing business support/development projects.

- 2.15. Future Merton will investigate procurement options for delivery of this stream.
- 2.16. Stream two will be targeted at businesses run from home and micro and small businesses that are business rate payers or in shared office/accommodation and do not pay business rates. All remaining funding will be allocated to this stream.
- 2.17. Applicants will be awarded points based on three criteria, accommodation costs, number of employees that are Merton residents and number of employees that are not Merton residents. There will be point weightings for Merton residents and the value of the monthly accommodation costs.
- 2.18. Each application will be calculated a point score based on the criteria. After all applications have been reviewed and scored the total number of points for all applications will be calculated and based on the exact level of funding available each point will be awarded a monetary value. Successful applications will then receive a grant to the value of their points score multiplied by the value per point.
- 2.19. The scheme will be application based and businesses will be expected to complete web forms and provide relevant evidence and information to validate applications.
- 2.20. It is proposed to have an application window from 8 April 2021 for 21 days for phase two of the scheme.
- 2.21. It is estimated that grant payments will commence in mid-July 2021. All applications will have to be reviewed before any payments are made.
- 2.22. The discretionary policy for Additional Restrictions Grant Phase Two is detailed in Appendix 1
- 2.23. 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.
- 2.24. The Government also requires Council's to collate and report data for all businesses receiving grants. Performance returns are required.
- 2.25. The Chamber of Commerce and MVSC will be asked to promote the scheme and application process.
- 2.26. 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.
- 2.27. 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.
- 2.28. The Government have indicated that further funding will be available for discretionary grants. However, this funding will not be distributed as previously and the early indication is that authorities will have to bid for the funding.

- 2.29. It is implied that bidding can only take place once all existing ARG funding has been spent.
- 2.30. Authorities were initially told that the funding was to be used up to 31 March 2022.
- 2.31. The Policy allows for the Director of Corporate Services to agree to divert the funding allocated to the Wider Business Support into the direct grants fund if it is proving difficult to spend or so that a further bid for funding can be made.
- 2.32. The formal Government guidance on this has not been released.
- 2.33. **Expanded Retail Relief Policy**
- 2.34. Following the budget announcement on 3 March 2021 the Government amended the existing Retail Relief for qualifying businesses.
- 2.35. As this relief is granted as a discretionary scheme and the funding is over £2 million Cabinet need to agree the policy.
- 2.36. For 2021/22 the initial relief will be 100% for the period 1 April 2021 to 30 June 2021 only.
- 2.37. Merton's policy is attached at Appendix 3.
- 2.38. The Council will have to adopt a revised policy from 1 July 2021 once the full guidance is provided by Government.
- 2.39. **Section 47 Discretionary Rate Relief Policies.**
- 2.40. Under section 47 of the Local Government Finance Act 1988 local authorities have the power to award discretionary rate relief to businesses.
- 2.41. The Government introduce new rate reliefs and instruct local authorities to award these reliefs under this power. They also provide local authorities with funding to reimburse them and guidance for the policies.
- 2.42. Last year the Government introduced Expanded Retail Relief and also Nursery Relief in this manner.
- 2.43. In addition to the Expanded Retail Relief policy being recommended for agreement in this report the Council will need to implement a new Nursery Relief policy from April 2021 until 30 June 21. The Section 151 Officer can approve this policy as the cost of the relief will be below £1 million.
- 2.44. The Council will then need to agree further Expanded Retail Relief and Nursery Relief policies from 1 July to 31 March 2022.
- 2.45. Given the need to act swiftly as the Government announces new and updated grant funding, it would seem prudent to delegate decisions on future schemes and criteria to the Corporate Director of Corporate Services as the Council's Section 151 Officer
- 2.46. This report seeks approval of Cabinet to delegate all future Section 47 reliefs policies to the Section 151 Officer in order not to delay further the rollout of reliefs.

### **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

<b>Task</b>	<b>Time frame</b>
Policy agreed Cabinet	22 March 2021
Call in period ends	29 March 2021
Communications with businesses	29 March 2021
Application window opens	8 April 2021
Application window closes	27 April 2021
Payments to commence – estimated	14 July 2021

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The Council initially received £4,130,960 Additional Restrictions Grant funding. A further £1,834,777 funding for the discretionary scheme. This took the total funding to £5,965,737 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. Section 47 of the Local Government Finance Act 1988 enables the Council to award discretionary rate relief and implement new Government discounts/reliefs without new legislation.
- 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.
- 7.3. Given the level of expenditure likely to be involved in future schemes, notwithstanding the fact that it is funded by Government grant, decisions on the criteria for making grants would normally be a matter for Cabinet decision. However, given the need to make such decisions quickly in order

to make payments swiftly, it is logical and lawful for the Cabinet to delegate decisions to the Council's Section 151 Officer.

- 7.4. The Council are reimbursed the cost of any new Government discount/relief scheme.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. An Equalities Analysis has been completed. (Appendix 2)
- 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 – Additional Restrictions Grant Policy Phase Two
- Appendix 2 – Equality Analysis
- Appendix 3 – Expanded Retail Relief Policy

## **12 BACKGROUND PAPERS**

- 12.1. Government Guidance and FAQ's