

## Portfolio Holder decision record sheet - Appendix A – Options Summary.

<b>Name of decision makers:</b>	<b>Cllrs Andrew Williams, Cllr Graeme Elliot, Cllr Alan Anderson</b>
<b>Portfolios:</b>	Community Leadership, Finance & Resources, Planning and Infrastructure.
<b>Date of Portfolio Holder decision:</b>	21 <sup>st</sup> May 2021

<b>Title of decision:</b>	<b>Additional Restrictions Grant Phase 2 – COVID-19 Support for Local Businesses.</b>
<b>Part II:</b>	<b>No</b>
<b>Part II reason:</b>	

### Background to report:

As part of its response to the disruption caused by COVID-19, Central Government announced funding and outline guidance for the distribution of an Additional Restrictions Grant (ARG).

Local authorities are responsible for delivering grants to businesses and have discretion over the design and implementation of their local scheme. The Initial funding allocation was distributed among local authorities, following the November lockdown, at the rate of £20 per head of population. At this point Dacorum received funding of £3.1m, on the 5<sup>th</sup> January 2021 an additional £500m ARG national top up was announced that allocated DBC an additional £1.37m bringing the total DBC fund to £4.47m.

Originally these funds were announced to cover the financial period of December 2020 to April 2022, to support businesses through the end of the national lockdowns and into the economic recovery phase. As part of the budget announcement in March the government announced an additional £425m ARG top up for the financial year 2021/22, DBC is expected to receive £1.4m of this pot.

On March 18<sup>th</sup> additional government guidance was released that added grant conditions to the additional ARG top up, stating only local authorities that have fully utilised the existing £4.47m ARG allocations by the 30<sup>th</sup> June will be awarded the additional 21/22 ARG top up, which for Dacorum is £1.4m.

As of the 15<sup>th</sup> April the DBC ARG policy has allocated £1.3m of direct ARG business grants and has an additional £0.2m committed to be spent by June 30<sup>th</sup> 2021, this leaves a residual funding pot of £3m to be allocated by June 30<sup>th</sup> to be able to access the additional £1.4m.

Prior to the government's decision to require all existing ARG funding to be spent to achieve ARG top up funding in 21/22 the council was expecting to run a second phase of ARG business grants between April and June to support business reopening that would distribute circa £1.5m of the existing ARG.

The resulting government decision requires the council to allocate an additional £1.5m on top of prior projections to receive an additional £1.4m in funding. As such the decision to devise a scheme to utilise all the existing ARG funding appears sensible and logical and is an approach been taken by all but one of the Hertfordshire districts.

### Decision made and reasons:

To formally approve the adoption of the Phase 2 ARG policy based on Option 3 which the principles and criteria are detailed within the body of this report to implement an ARG scheme

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<p>across Dacorum for the allocation of £3m of ARG Government funding.</p> <p>Approval is sought through PH Decision in order to expedite decision-making and ensure that payments can be made to eligible businesses as quickly as possible.</p> <p>Authority to make decisions of this type has been delegated to Portfolio Holders by Cabinet decision CA/78/17.</p>	
<p><b>Reports considered: (here reference can be made to specific documents)</b>          Additional Restrictions Grant – Guidance for Local Authorities. <a href="https://publishing.service.gov.uk">Additional restrictions grant: guidance for Local Authorities (publishing.service.gov.uk)</a></p> <p>PHD -025-20</p>	
<p><b>Officers/Councillors/Ward Councillors/Stakeholders consulted:</b>          Cllr Andrew Williams          Cllr Graeme Elliot          Cllr Alan Anderson          Chief Officer Group          Corporate Director Finance and Operations          Assistant Director (Finance &amp; Resources)          Assistant Director (Planning, Development and Regeneration)          Group Manager (Revenues, Benefits &amp; Fraud)          Group Manager (Strategic Planning and Regeneration)</p>	
<p><b>Monitoring Officer comments:</b></p>	<p>This decision is being approved as an urgent decision without giving the usual 28 days' notice. In accordance with the Access to Information Regulations the Chair of the Finance and Resources Overview and Scrutiny Committee has agreed that this is an urgent decision and can proceed.</p>
<p><b>Chief Finance Officer comments:</b></p>	<p>This Decision Sheet was drafted by the Deputy S151 Officer and reflects the strategy and process recommended to Portfolio Holders by the S151 Officer. The Council's administration costs will be met from new burdens allocations.</p>
<p><b>Implications:</b></p>	<p>The £3m is targeted primarily at those businesses which have not previously received Government support other than ARG. Allocating these funds will result in the council receiving an additional £1.4m of discretionary ARG funding to allocate in 21/22.</p>
<p><b>Risk:</b></p>	<p>If the Council does not adopt the scheme the consequent delay in making award payments will increase the risk of businesses within the borough ceasing to trade, and lead to the council not being awarded an additional 21/22 ARG top up of £1.4m.</p>
<p><b>Value for money:</b></p>	<p>There is no net cost to the Council to introduce the scheme.</p>
<p><b>Options considered and reasons for rejection:</b></p> <p>The rationale behind the proposed approach for all discretionary elements of the scheme is</p>	

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covered in detail within the body of the report.

**Portfolio Holders signatures:**

**Date:**

**Details of any interests declared and any dispensations given by the Standards Committee:**

## For Member Support Officer use only

Date decision record sheet received from portfolio holder:

Date decision published:

Decision no:

Date of expiry of call-in period:

Date any call-in received or decision implemented:

## Background

1. On 31 October 2020, the Government announced the launch of the *Additional Restrictions Grant (ARG)* to enable local authorities to support businesses in their local economy following the imposition of national lockdown restrictions. Under the ARG, local authorities received one-off funding of £20 per head for 'business support activities' to be used across the financial years 20/21 and 21/22, i.e. until March 2022. Dacorum's allocation was £3.1m. On the 5<sup>th</sup> January 2021 an additional £500m ARG national top up was announced that allocated DBC an additional £1.37m bringing the total DBC fund to £4.47m.
2. In its guidance, Government envisages that LAs' use of ARG funding will 'primarily take the form of discretionary grants', but can also be used for 'wider business support activities'. LAs have the discretion to determine which businesses to target, the amount of funding offered to individual businesses, and the frequency of payments.
3. Whilst the design of the schemes is discretionary, Government guidance suggests that LAs may want to take into account certain business sectors to support, and consider certain factors to determine the level of grant awarded. These are explained in paragraphs 4 and 5 respectively.
4. With regard to business sectors, the Guidance 'encourages' LAs to consider the following groups:
  - a. Those businesses which, while not legally forced to close, have been severely impacted by lockdown restrictions, e.g. supply chains to the retail, hospitality, and leisure sectors, or businesses in the events sector;
  - b. Those businesses outside the business rates system, which are effectively forced to close, e.g. market traders;
  - c. Additional support for larger local businesses which are important to the local economy, on top of any funding they may receive from statutory Government support schemes.

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5. With regard to the amount of grant awarded to each business, the Guidance suggests consideration of the following:
  - a. The level of fixed costs faced by the business in question;
  - b. The number of employees;
  - c. Whether the business has been able to trade online;
  - d. The scale of the coronavirus losses.
6. As part of the budget announcement on the 3<sup>rd</sup> of March 2021 the government announced an additional £425m ARG top up for the financial year 2021/22, DBC is expected to receive £1.4m of this pot.
7. On March 18<sup>th</sup> this announcement was followed by changes to the ARG guidance with one specific and noteworthy change, stating only local authorities that have fully utilised the existing ARG allocations (£4.47m for DBC) by the 30<sup>th</sup> June will be awarded the additional 21/22 ARG top up, which for Dacorum is £1.4m. These funds were originally to cover the period up to April 2022 and the council has been planning on utilising these funds between April and September 2021 to support the Covid recovery roadmap, with the additional 21/22 funds covering the second half of 21/22. This change in guidance has resulted in a need to decide the best possible outcome that can be achieved for the businesses of Dacorum.
8. This paper discusses the main options reviewed by the finance and economic development services.

### **The DBC Scheme – Phase 1 principles and outcome.**

9. The DBC Phase 1 scheme that has operated from December until the present period was aimed to assist businesses that had limited support from previous Government schemes, as quickly as possible, and through this scheme the council has been able to allocate £1.3m, to date, by approving over 645 business applications through a very transparent process.
10. When applying to the Council for a direct grant award, through phase 1 of the Councils ARG scheme businesses must certify that they satisfy the criteria in each of the following categories to determine both eligibility and amount of grant, providing supporting evidence as required:
  - a. The Government eligibility criteria;
  - b. Have suffered 'significant financial losses' as a direct result of the Coronavirus pandemic;
  - c. Be in one of the following business categories:
    - i. Operating in the supply chain to the retail, hospitality, and leisure sectors, or businesses in the events sector;
    - ii. A registered childcare provider;
    - iii. A market trader with a regular stall in the borough of Dacorum;

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- iv. A Dacorum Borough Council licenced Taxi driver with a current Taxi License and hire and reward insurance;
  - v. Another business ordered to close under national lockdown rules, but not a business ratepayer (as defined in the application process);
- d. State the business size in order to determine the amount of grant payable (see para 12);
- e. All applicants will be required to certify that all evidence provided and statements made within the application are true and accurate. There will be a series of further certifications required on the e-form, including that the business has experienced a reduction in income due to Covid-19; that State Aid limits would not be breached through their receipt of a grant; and, that claiming under false pretences could lead to prosecution for fraud.
11. Business size is determined by ‘number of employees’ and ‘fixed property costs’ (i.e. Rateable Value, or business rental costs). The proposed grant amounts range from £1k to £10k, as shown in the table below:

Business sector	Employee numbers			Fixed property costs (RV if the business has one, otherwise annual rent costs)				Range of grant values	
	less than 10	10 to 49	50 or more	none	Less than £15k	Between £15k and £51k	More than £51k	lowest	highest
Supply chain - events, entertainment	£3,000	£4,000	£6,000	£0	£2,000	£3,000	£4,000	£3,000	£10,000
Supply chain - retail, hospitality, leisure	£2,000	£3,000	£5,000	£0	£1,000	£2,000	£3,000	£2,000	£8,000
Taxi office	£1,000	£1,500	£2,000	£0	£1,000	£1,500	£2,000	£1,000	£4,000
Childcare provider	£1,000	£1,500	£2,000	£0	£350	£400	£500	£1,000	£2,500
Other business ordered to close under national lockdown rules, but not a business ratepayer	£1,000	£1,500	£2,000	£0	£350	£400	£500	£1,000	£2,500
Additional Fixed Grants	flat rate								
Market trader	£1,000								
Licensed taxi driver	£750								

### Proposed Phase 2 ARG Criteria.

12. The council is determined to maintain the core principles of the Phase 1 ARG policy. The council has £3m of uncommitted ARG funding to allocate to businesses by the 30<sup>th</sup> June to be able to qualify for additional 21/22 ARG funding. Officers have worked on providing several options to assess the most effective way of utilising the ARG funding to support businesses reopening and hence have reviewed;
- a. The success of the existing Phase 1 criteria,
  - b. Additional government policy and business support decisions,
  - c. The Covid Recovery roadmap, and
  - d. Feedback from local businesses following phase 1.
13. The proposal is to run a phase 2 of the ARG allocations to support three specific groups of businesses on a first comes first served basis, so the scheme will either run until the 30<sup>th</sup> June or when the residual ARG funds have been allocated to businesses.

**Group 1** The existing Phase 1 businesses under the same existing criteria, targeting those businesses that have not received other government grants or support (Supply chain Events

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and entertainment, Retail hospitality and leisure, Childcare providers, businesses ordered to close excluded from other support).

**Group 2** These businesses fall into 2 categories;

a – Unexpectedly not included or removed from other government Lockdown grants and support, Dog/Cat support grooming services, Business Training Centres.

b – Identified by the government as an essential service so unable to claim other government support, yet significantly impacted by the lockdowns and reduced activity and footfall for example;

- Medical Support services such as Physiotherapists and Osteopaths,
- Dry cleaners/Laundrette.

**Group 3** These Businesses are;

a. **Supply Chain to the events and entertainment sector.** This industry has been hardest hit by the pandemic and the closure of the events and entertainment sector throughout the last 12 months and will be up until at least the 21<sup>st</sup> June. They have also received no business rates relief unlike other sectors.

b. **Supply Chain to Retail Leisure and Hospitality,** have received no rates relief and have had a significant reduction in trade.

**Table 3 Option 3 Business Criteria and Grant Levels.**

Group 1									
Business sector	Employee numbers			Fixed property costs (RV if the business has one, otherwise annual rent costs)				Range of grant values	
	less than 10	10 to 49	50 or more	none	Less than £15k	Between £15k and £51k	More than £51k	lowest	highest
Supply chain - events, entertainment	£6,000	£8,000	£12,000	£0	£4,000	£6,000	£8,000	£6,000	£20,000
Supply chain - retail, hospitality, leisure	£4,000	£6,000	£10,000	£0	£2,000	£4,000	£6,000	£4,000	£16,000
Taxi office	£2,000	£3,000	£4,000	£0	£2,000	£3,000	£4,000	£2,000	£8,000
Childcare provider	£2,000	£3,000	£4,000	£0	£700	£800	£1,000	£2,000	£5,000
Other business ordered to close under national lockdown rules, but not a business ratepayer	£2,000	£3,000	£4,000	£0	£700	£800	£1,000	£2,000	£5,000

Additional Fixed Grants	flat rate
Market trader	£2,000
Licensed taxi driver	£1,500

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Group B	
Business Sector	Additional Fixed Grants
Dog/Cat Services - Kennels/Groomers	£5,000
Dry Cleaner/Laundrette	£5,000
Takeaways (Reduced service)	£3,000
Essential retail (Reduced trading qualitative)	£2,500
Training centres/businesses	£5,000
Medical (Physio/Osteo)	£5,000

Group C			
Business sector	Size of Business	Estimated Range of grant values	
	Grant Calculation	lowest	highest (Capped)
Supply Chain to Events and Entertainment	25% of NNDR Bill	£2,500	£20,000
Supply Chain to Retail Lesiure and Hospitality	Small and Micro Business - 30% of NNDR Bill	£2,500	£8,000
Supply Chain to Retail Leisure and Hospitality	Medium sized Busienss - 10% of NNDR Bill	£2,500	£7,500

- The grant calculation in group C is based on the Percentage of net 20/21 NNDR bill after reliefs.

14. Pro's
- Increases the number of individual business grants awarded to almost 650.
  - Targets the Supply Chain sector that has received the least government support to date.
15. Cons
- The most complex Scheme to communicate and administer,
  - There is a risk that not all eligible businesses apply and funds are not fully utilised.

### Options Conclusion

16. The proposed option is aimed to provide funding to;

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- Businesses supported in Phase 1 of the ARG,
  - Business sectors that have subsequently been excluded/overlooked from other government support,
  - Essential services that are significantly impacted by the pandemic and unable to get government support.
  - Additional grants for the supply chain industries that have been impacted the hardest and the longest during the pandemic.
17. This Phase would support circa 850 business applications across Dacorum with the aim of allocating circa £3.0m of additional financial support during this reopening phase.
18. The implementation would be monitored closely and members would be updated weekly on the success of the scheme. The requirement to ensure that the existing ARG funding is fully allocated by the 30<sup>th</sup> June, to be awarded the additional £1.4m of ARG funding may result in additional phases of this scheme to be utilised between now and 30<sup>th</sup> June, if the grant applications are lower than projected.