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| Council name | COTSWOLD DISTRICT COUNCIL |
| Name and date of Committee | DEPUTY LEADER OF THE COUNCIL AND CABINET MEMBER FOR FINANCE DECISION-MAKING MEETING – 19 MARCH 2021 |
| Report Number | ITEM I |
| Subject | ADDITIONAL RESTRICTIONS GRANTS |
| Wards affected | ALL |
| Accountable member | Cllr Mike Evemy– Deputy Leader and Cabinet Member for the Finance Email: mike.evemy@cotswold.gov.uk |
| Accountable officer | Jon Dearing – Group Manager for Resident Services Tel: 01993 861221 Email: jon.dearing@publicagroup.uk |
| Author | Mandy Fathers – Business Manager for Operational Support and Enabling Tel: 01993 861232 Email: mandy.fathers@pubicagroup.uk |
| Summary/Purpose | To seek approval to make additional amendments to the Additional Restrictions Grant Policy |
| Annexes | Annex A – The Additional Restrictions Grant Policy (V3) |
| Recommendation/s | That the Cabinet Member for the Economy and Skills: <ul style="list-style-type: none"> a) Approves the inclusion of discretionary grant payments for those self-employed persons eligible for the self-employed income support scheme (SEISS) who have identifiable fixed costs as per paragraph 2.8. b) Approves the principle of funding allocations to facilitate partnership working to support economic recovery from Covid-19. c) Delegates authority to the Deputy Chief Executive to approve funding allocations to support economic recovery in consultation with the Cabinet Member for the Economy and Skills and the Deputy Leader and Cabinet Member for Finance. d) Approves the inclusion of the ability to fund grant payments made to businesses under other Government Covid-19 Business Grants Schemes, where the value of grants awarded exceeds the funding provided by Government. |
| Corporate priorities | Delivering services to the highest standards Helping residents and communities access they support they need for good health and wellbeing. |
| Key Decision | NO |
| Exempt | NO |
| Consultees/ Consultation | The Leader of the Council, The Deputy Leader and Cabinet Member for Finance, The Cabinet Member for the Economy and Skills, The Chief Executive Officer, The Deputy Chief Executive, Monitoring Officer, Group Manager, Economic Development Lead. |

I. BACKGROUND

- 1.1. On 3 October 2020, the Government announced the introduction of additional support for local authorities under the National and Local Covid Alert Level 3 Restrictions.
- 1.2. The purpose was to enable a Local Authority to support its local economy and businesses adversely impacted by the national restrictions and any future restrictions.
- 1.3. This support, Additional Restrictions Grant (ARG), is a funding scheme for the financial years 2020/2021 and 2021/22.
- 1.4. On 20 November 2020, the then Interim Chief Executive Officer approved the Additional Restrictions Policy in accordance with the provisions of Part III, paragraph 37 of Cotswold District Council's constitution.
- 1.5. Further recommendations were later made to the Policy to include Taxi Drivers and Tenanted Publicans. These recommendations were approved on 13 January 2021 and the Policy was subsequently amended.

2. MAIN POINTS

- 2.1. The Policy is constantly under review to ensure the Council is able to support as many businesses as possible whilst ensuring the guidance from the Department for Business, Energy and Industrial Strategy (BEIS) is adhered to.
- 2.2. During the period since November 2020, the Council has received 572 grant applications for this funding and paid out £1,445,533 to 417 businesses.
- 2.3. So far, 155 of these applications have been declined. There are varying reasons for these declined applications, including:
 - A duplicate application
 - Not an active business
 - A takeaway business
 - Not in the Cotswold District
 - Not able to provide any evidence that they are financially impacted or have any fixed property cost
 - Not forced to close
 - Potentially fraudulent applications
- 2.4. The list above covers 118 applications. There were a further 17 applications declined as they had applied for the wrong grant and were therefore invited to apply again for the correct one.
- 2.5. There are currently a total of 20 applications that have been declined as those applicants have received assistance through the self-employed income support scheme (SEISS). These applicants are mainly mobile workers without fixed property costs who work in the following business areas:
 - Mobile beauty/hairdressing
 - Private Hire/chauffeurs/Taxi Drivers
 - Photographers
 - Language Teachers

- 2.6. Within the current policy, those working from home who are not eligible for SEISS or Coronavirus Job Retention Scheme (CJRS) and have high fixed business costs such as rent, lease, hire purchase costs or franchise payments other costs that would be saved by not trading, are eligible to apply.
- 2.7. The businesses referred to in 2.5 above are classified as 'working from home' as they do not have any business premise and under the current scheme are therefore not eligible for ARG funding. However, it is now realised that this group has been unfairly disadvantaged as fixed costs does not have to be related solely to premises and can relate to other fixed costs the business may be still liable for as detailed within 2.5 above. Although the amendments approved on 13 January 2021 did include taxi drivers, this did not stipulate whether taxi drivers would be eligible if the applicant was in receipt of or eligible for SEISS.
- 2.8. Although the ARG is a discretionary scheme and can be used to support those in self-employment, the BEISS guidance is very clear in that it 'must not be used as a wage supplement but as a support to the business that the self-employed person runs'. The BEIS guidance does not stipulate that a person in receipt of or eligible for SEISS is not able to receive grant funding. It is therefore recommended that those self-employed persons who can demonstrate that they have fixed costs, whether related to a property, vehicle or other assets are considered under the ARG.
- 2.9. The SEISS is restricted in that it only pays a self-employed person 80% of their average monthly trading profit. It does not take into account or support any ongoing liabilities a small business may have.
- 2.10. Further support to local businesses is possible through partnership working with agencies such as Gloucestershire County Council or GFirst LEP. It is proposed that the ARG Policy is updated to allow funding to be made available for partnership working to support economic recovery from Covid-19. To enable timely decision-making, it is recommended that delegated authority is granted to the Deputy Chief Executive to approve funding allocations in consultation with the Cabinet Member for the Economy and Skills and the Deputy Leader and Cabinet Member for Finance.
- 2.11. The final change proposed to the ARG Policy is to include the ability to fund grant payments made to businesses under other Government Covid-19 Business Grants Schemes, where the value of grants awarded exceeds the funding provided by Government. The Department of Business, Energy and Industrial Strategy (BEIS) has confirmed that the ARG grant may be used for this purpose.

3. FINANCIAL IMPLICATIONS

- 3.1. BEIS have allocated funding to local billing authorities to cover the ARG scheme. The allocation for Cotswold District Council is £2,595,489. However this funding is to support businesses in dealing with restrictions during 2020/21 and 2021/22, "or 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 Local Restrictions Support Grant scheme.
- 3.2. As of 26 February 2021, the Council has spent £1,445,533 of its allocation (approx. 55.7%) supporting businesses to 31 March 2021; leaving £1,149,956 remaining to support businesses.
- 3.3. If ARG payments were awarded to the small businesses described in 2.5 (above) this would cost £118,140 for those 20 businesses whose applications were declined.

GFirst LEP has approached the Council with a proposal for providing support with access to digital media, which fits well with the Council's Green Economic Growth Strategy. Funding of £60,000 is sought for this.

- 3.4. The final reconciliation of business grants paid out during the first Lockdown in March 2020, resulted in grants of £95,000 paid to businesses, which BEIS is refusing to fund as they were paid after the deadline for grant payments. Grants allocated under the LRSG (Open) scheme, which is also a discretionary grant and will not be topped up by the Government, exceed the funding from BEIS by around £500,000 and will need to be funded from the ARG allocation.
- 3.5. Some applications for ARG support are still being assessed and the balance of the ARG allocation of £376,816 is expected to be fully utilised. The Council therefore closed its discretionary grant schemes, ARG and LRSG (Open), to new applications on 27 February 2021. Any surplus funding has to last until 31 March 2022. Should the Government impose any further local or national restrictions the remaining funds can be used to support local businesses.

4. LEGAL IMPLICATIONS

- 4.1. There are no specific legal implications associated with these recommendations.

5. RISK ASSESSMENT

- 5.1. There continues to be a risk of fraud within the scheme. However, Internal Audit and the Counter Fraud Unit officers have been involved in the process design and will be using Government software to assist in fraud detection. Where fraud is detected, the Council will take action to recover the funds.
- 5.2. There is a risk that the value of grants awarded under the LRSG (Open) and the ARG scheme will exceed the value of the grant awarded by BEIS. Closing the schemes to new applications should mitigate this risk.

6. EQUALITIES IMPACT

- 6.1. None

7. CLIMATE CHANGE IMPLICATIONS

- 7.1. None

8. ALTERNATIVE OPTIONS

- 8.1. There is discretion within the scheme, so Members could decide to assist businesses or the business economy in ways not already referred to within the Policy.

(END)