

Subject:	Covid 19 Supplementary Support Grants for Business		
Date of Meeting:	4th February 2021		
Report of:	Executive Director Economy, Environment and Culture Executive Director Housing, Neighbourhoods & Communities		
Contact Officer:	Name:	Cheryl Finella	Tel: 01273 291095
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report provides an update on the £5.818m Covid 19 Additional Restrictions Grant (ARG) for Business allocated to the council in relation to the November lockdown and the work that has taken place to administer the funds under the delegated powers of the Executive Director for Economy Environment and Culture which were approved by a Policy & Resources (Urgency) Sub-Committee on the 13 November 2020.
- 1.2 This report sets out proposals for the allocation of an additional £2.584m of top-up ARG funding received from government on the 15 January 2021 in relation to the current lockdown period which started on 5 January 2021. Recognising the need to distribute vital funds to business, this report is seeking member approval for a series of measures to provide top-up payments to any eligible businesses. It also proposes support for essential public facing services that have, thus far, had limited access to government funds. The report details support for taxi drivers and for nurseries. As with the scheme in November, the proposed approach is intended to enable speedy decision-making whilst also ensuring probity and appropriate diligence for public funds.

2. RECOMMENDATIONS:

- 2.1 That members note the progress being made to administer the £5.818m Additional restrictions grants, under delegated powers, relating to the 5 November 2020 to 1 December 2020 lockdown period, and the subsequent Tier restrictions.
- 2.2 That members agree to delegate authority to the Executive Director Economy, Environment & Culture, in consultation with the Acting Chief Finance Officer, to determine the criteria and agree processes for issuing the Additional Restrictions Grants using the £2.584million top-up recently provided by government, taking account of the need to issue the grants as quickly as possible whilst targeting key

local sectors that are affected by the new lockdown.

- 2.3 That members agree to delegate authority to the interim Executive Director Housing Neighbourhoods & Communities, in consultation with the Acting Chief Finance Officer, to determine criteria and agree processes for issuing payments to Brighton & Hove licensed private hire and Hackney Carriage drivers.

3. **CONTEXT/ BACKGROUND INFORMATION**

- 3.1 When the second (November) national lockdown was declared the government announced the introduction of additional support measures for business during the lockdown period, including the Local Restrictions Grant (closed); and the Additional Restrictions Grant. As explained later in this report the Local Restrictions grant payments are directed by government while the Additional Restrictions Grants offer some flexibility to local authorities.
- 3.2 The council is alive to the well-publicised concerns from businesses that have been left out of the current grant schemes and is using all the discretion allowed by government to support local business. The government has however, made clear that the grant cannot be used to support loss of income; the council must be able to evidence that payments relate to the ongoing costs that a business incurs and not as a wage subsidy.
- 3.3 In line with government guidance, the city council has used the Additional Restrictions Grant 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 includes businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector. We have also offered help to businesses outside of the business rates system, which are effectively forced to close, for example market traders.
- 3.4 The Additional Restrictions Grant is finite and, in considering how to make best use of this discretionary grant, the Council has sought to focus on the ongoing sustainability of local businesses; offering grants to businesses that intend to re-open after the pandemic.
- 3.5 The aim of the fund is to support business that have been significantly impacted by the restrictions placed on them. Brighton & Hove has one of the highest levels of micro businesses (businesses with less than 5 employees) than the national average. Many operate with the arts & culture, events & hospitality sectors. Hospitality alone accounts for over 14,000 jobs and the performing arts accounts for c£329m.

Grant to Businesses from November 2020

- 3.6 On the 31 October 2020 the government announced a second national lockdown. On the 4 November 2020 government issued guidance to local authorities detailing the parameters for allocating grants to businesses with a rateable value known as, Local Restrictions Support Grants (LRSG). The government also allocated £5.818m of discretionary grant funding, to the city council known as the Additional Restrictions Grant (ARG). This discretionary grant is intended

primarily to support businesses that are not eligible for the main grant fund but are significantly impacted by the Covid 19 business restrictions.

- 3.7 At the Policy & Resources Urgency Sub-Committee members agreed to delegate authority to the Executive Director for Economy, Environment & Culture, in consultation with the Acting Chief Finance Officer to determine the criteria, agree the processes for the allocation and award of ARG.
- 3.8 The government went on to provide a further six grant schemes to assist businesses from 1 November 2020 onwards. Details of all these schemes are fully explained on our website here <https://www.brighton-hove.gov.uk/coronavirus-covid-19/businesses-and-employers> and, <https://www.brighton-hove.gov.uk/how-apply-covid-19-business-support-grant> and in Annex One of this report.

Local Restrictions Support Grants (LRSG)

- 3.9 Of the six grant schemes, four; the Local Restrictions Support Grant (closed), Local Restrictions Support Grant (sector), Christmas Support Payments and Closed Business Restriction Payments are fixed schemes. Which means that the grant amounts to business are set by government. The Council is delivering these in accordance with government criteria, the subsequent guidance, and the addendums that followed. In combination these grants have provided the bulk of the financial support during the Tier 4 and lockdown periods. As at 29 January 2021 the total amount paid on these grants was £25.073m.
- 3.10 The other two grants; the LRSG (open) and Additional Restriction Grant (ARG) are discretionary funds for the Council to distribute, although they too are subject to government guidance and criteria which strongly direct the Council as to their use.
- 3.11 The guidance regarding the LRSG (open) effectively directs the council to follow a suggested scheme and award levels, with only a small margin of flexibility. This direction does align with the Council priorities and the scheme that the Council has published closely resembles the suggested scheme with a couple of additional categories and top ups to ensure we spend the funding in full. This scheme only applies to the period the city was in Tier 2, from 2 December to 25 December 2020.
- 3.12 This scheme has been slightly revised since the update report to Policy & Resources Recovery Sub-Committee 6 January 2020, (reference: paragraph 3.8.19 of that report). There has been a higher than anticipated number of businesses eligible for support during this period. This means that there will not be enough contingency in the main fund to contribute to the top up amount being paid for this period. The top up will therefore be fully paid from the ARG fund. This change does not alter the amount the businesses are receiving.
- 3.13 The Council has prioritised getting the maximum number and amount of payments out to businesses. The main lockdown grant, the Local Restriction Support Grant (closed), has the most recipients and generates the highest awards so this has been prioritised. However, there is a disparity between those eligible for the Local Restrictions Grants and those eligible for the discretionary

fund. This report seeks to address this disparity through the development of additional payments to those eligible for the Additional Restrictions Grant and, through the extension of the funding eligibility to include licenced taxis and Early Years providers.

Additional Restrictions Grant (ARG)

- 3.14 The ARG is a discretionary scheme with a higher level of funding and greater degree of flexibility. When the ARG scheme was first announced, the Policy & Resources Urgency Sub-Committee on 13 November 2020 approved a proposal for an initial ARG process to respond to the second lockdown period 5 November to 1 December 2020. Discretionary powers were approved for the Executive Director of Economy, Environment and Culture to enable distribution of the £5.818 million. At that stage it was difficult to predict the degree of take-up expected for this scheme and the government indicated that there would be no further ARG for the financial year. It was therefore considered prudent to retain around 50% of the funds to cover further lockdowns and/or restrictions for the remainder of the financial year.
- 3.15 The ARG discretionary scheme for the second lockdown has been designed to ensure that support is provided to those groups that are eligible under the government guidance to receive it.
- 3.16 First and foremost, it is to be used to support businesses that do not directly pay business rates but otherwise would be eligible for support under the LRSG schemes. Beyond that the Council has licence to distribute it to support businesses, including those without premises, albeit subject to the specific government guidance.
- 3.17 However, although there is more flexibility within the ARG discretionary scheme, the government has been very clear that payments to businesses must be in relation to their business costs.
- 3.18 ARG cannot be used to support loss of income. This point was clarified by the Department for Business Energy & Industrial Strategy as part of their published Frequently Asked Questions. This excerpt is from that FAQ document:

Why is there a presumption that under ARG, Local Authorities should not be supporting the self-employed when so many self-employed and company directors paid dividends are excluded from SEISS & CJRS? If Local Authorities were to check that these businesses declare that the money was to go towards fixed costs would that be acceptable?

Discretionary grants, including the ARG, can be used to support the self-employed. However, the ARG must not be used as a wage supplement, rather as a support to the business that the self-employed person runs. In addition, the Local Restrictions Support Grant (Closed) is available to support self-employed people who are liable for business rates.

(Local Restrictions Support Grants and Additional Restrictions Grant – Frequently Asked Questions (FAQ) -Extended – Issue 2)

- 3.19 Due to these limitations the ARG paid for the second lockdown is lower than initially anticipated. The scheme for this period will remain open until further notice. The first ARG payment was for the 27 days from 5 November to 1 December. The sum of £2,000 was awarded for businesses with high fixed costs and £500 for market traders and businesses that rented space within a larger business. The projected expenditure for the period 5 November to 1 December 2020 is c£1.1m (estimate based on 600 awards)
- 3.20 As detailed in 3.2 above, the committee approved delegated authority to the Executive Director Economy Environment & Culture to make decisions regarding further use of the fund in the face of a changing situation where rapid responses were necessary. These delegated powers were used in December 2020 when the city moved between tiers, as the levels of infection escalated.
- 3.21 In response to feedback from representative groups highlighting the pre-Christmas pressures on the Hospitality, Accommodation, Leisure and Events sectors in the city, a decision was made to award £2,000 of ARG discretionary funding in the form of top ups to business eligible for LRSG (open) grants.
- 3.22 In response to the city moving into Tier 4 and then into the 3rd lockdown a further award of ARG was made to those LRSG businesses who successfully applied for a grant for the second lockdown. This award is for the 52 days covering the period, 26 December 2020 to 15 February 2021, payable at two levels, £4,000 and £1,000, effectively doubling the amount paid for the previous 27- day lockdown.

Proposals for future awards of ARG

- 3.23 When the 3rd lockdown from 5 January 2021 was announced the government committed to adding to the discretionary funds available. As a consequence, the Council received an additional £2.584m top-up for the ARG fund with a government imperative to distribute this fund to support local businesses as soon as possible. There has been no indication from government as to whether further ARG funding will be provided if the lockdown is extended or if there are further periods of restriction beyond 15 February 2021.
- 3.24 This latest lockdown and additional allocation of grant funding extends beyond the current reach of the delegated authority vested in the Executive Director for Economy, Environment and Culture and members are asked to consider the new proposals put forward in this report. This report seeks approval to make provision to further distribute these ARG funds to businesses that do not pay business rates and businesses without premises and to also recognise some key businesses that require support because of the additional restrictions required by the current lockdown measures.

- 3.25 The proposal is to make provision for a future discretionary payment to businesses that have received ARG payments for the second and third lockdowns as a continuation of support for the 6-week period from, 16 February to 29 March if a further lockdown or tier restriction is put in place. The suggested payments for that period are £3,000 and £750. However, these awards may need to be adjusted if the expenditure on other areas are higher than currently estimated.

Additional Restriction Grant (ARG) – Licenced Private Hire and Hackney Carriage Drivers

- 3.26 The impact of the Covid 19 pandemic is being felt by the city’s private licenced private hire and Hackney Carriage drivers. With pubs, bars, venues, indoor entertainment closed, and people advised to stay at home drivers have experienced a significant loss in turnover, while still having to cover key business costs. As a public facing service, licensed taxi drivers are considered to be in a high-risk group. A recent report by the Office for National Statistics showed that Covid-19 death rates among people in jobs such taxi driving were up to three times higher than the national average.
- 3.27 Licenced taxi drivers play an important role within the city and are making a significant contribution to the city vaccination programme by, for example, transporting residents to their vaccination appointments.
- 3.28 The proposal is for the negative impact on taxi drivers to be recognised with a specific grant award. The grant will be in relation to the fixed business costs that drivers incur for their taxi licence, insurance, vehicle maintenance and Covid 19 safety measures in this period.
- 3.29 The proposal is for a, one-off payment, on application, of between £250 and £400 to private hire and Hackney Carriage drivers licensed in Brighton & Hove. There are approximately 1,300 licensed private hire taxis in the city; the estimated cost of this award is between £325,000 and £520,000.

Additional Restrictions Grant Scheme: Early years and wrap-around childcare Providers

- 3.30 Early years and wrap-around childcare providers were not eligible under the criteria for the period 5 November to 1 December 2020 because they were permitted to be open for business during that period.
- 3.31 The Government’s lockdown guidance for early years and childcare settings ([Education and childcare settings: national lockdown from 5 January 2021](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/86422/education-childcare-settings-national-lockdown-from-5-january-2021.pdf) ([publishing.service.gov.uk](https://www.publishing.service.gov.uk)) is that from 5 January:
- Early years settings (including nurseries and childminders) remain open
 - Childminders and wrap-around childcare providers caring for school-aged children (including reception children) can only continue to open only for vulnerable children and children of critical workers.

- 3.32 These services play a vital role in the local economy, for example, by enabling key workers to work, however, wrap-around providers in particular, have been severely impacted by the coronavirus restrictions. It is therefore recommended that awards for ARG are made based on these circumstances for the period 5 January to 15 February 2021.
- 3.33 For this six-week period it is proposed that there are two levels of payment; £3,000 for providers with specific business premises and high fixed costs; and, £750 for licenced providers without specific business premises but with other fixed costs. The total cost of awards for this period is estimated to be £60,000 to £75,000 (representing 45 to 65 awards of grants to these businesses).
- 3.34 Additional payments to these businesses are proposed for the six-week period from 16 February to 29 March if further lockdown or tier restriction are imposed. The suggested payments for this period would be a further £3000 and £750 respectively. The total costs of awards for this period is estimated to be £60,000 to £75,000 (representing 45 to 65 awards to business)

Summary of estimated expenditure

- 3.35 The table below provides a summary of the actual and proposed grant payments. The modelling has been done based on higher and lower assumed levels of uptake of each grant:

Financial summary		
Funding available		
£8.402m		
	Lower value range	Higher value range
November 2020 lockdown	£1.100m	£1.470m
Tier 2 top-up	£1.400m	£2.000m
Current Lockdown	£2.200m	£2.930m
Taxi Scheme	£0.325m	£0.520m
Early Years Current Lockdown	£0.060m	£0.075m
Early Years future lockdown	£0.060m	£0.075m
Future Lockdowns	£1.650m	Adjusted to funding £1.332m*
Total Spend	£6.795m	£8.402m
*The balance limit will depend on the available funds. Additional payments may be lower to prevent overspend against the available funds		

Further support - Notice of Motion regarding those excluded from Covid-19 Support Schemes

- 3.36 This council recognises that some people will have missed out on Government financial support schemes set up in the pandemic due to technicalities such as: - recently changing job; being a director of a limited company; or earning less than half their income through self-employment. In many cases, the businesses they operate will not be able to claim grants because they do not have premises and do not have fixed costs.
- 3.37 At the Full Council meeting on 28th January 2021, the council agreed a Notice of Motion in support of campaigns such as Excluded UK which have asked that the Government close the gaps in its financial support schemes, and explore options to retroactively compensate people and businesses that were ineligible for the Government’s financial support. The Notice of Motion is also seeking the support of councillors in promoting support available from organisations focused on financial inclusion and support in the city.
- 3.38 The notice of motion also asked that Policy and Resources Committee consider what additional practical steps the Council can offer to offer support and advice wherever possible to those affected.
- 3.39 This advice and support will include continuing to promote the council’s community hub that can assist with such matters as help with bills and mental health. Support for business goes beyond just the grants featured in this report. Officer will continue to signpost and direct businesses to other forms of support, many of which businesses can apply for directly. These include:

Administered by the Local Authorities	Other forms of support not linked to the council
<ul style="list-style-type: none"> • Local Restrictions Support Grants (closed) for businesses forced to close • Top-up grants for retail, hospitality and leisure businesses • Local Restrictions Support Grant for open businesses • Local Restrictions Grants (Sector) • Additional Restrictions Grant for businesses that aren’t covered by other grants • Christmas Support Payment for wet-led pubs 	<ul style="list-style-type: none"> • Coronavirus Job Retention Scheme (CJRS) – help to pay furloughed employees’ salaries • Bounce Back Loan Scheme for small businesses • Coronavirus Future Fund • Protection if you can’t pay your commercial rent • Coronavirus Business Interruption Loan Scheme (CBILS) • Full refund on statutory sick pay due to Covid-19 • Self-Employed Income Support Scheme (SEISS) • Income Tax and VAT deferred for the self-employed • More time to pay Corporation Tax • Time to Pay coronavirus helpline • Benefits for self-employed workers during the coronavirus pandemic • Employment and Support Allowance (ESA) • Relief from paying back loans and credit cards • Mortgage payment holidays

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The alternative option would be to develop a new application process for businesses to access the grant funds. This option would entail a longer lead in time and delay vital payments to business.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Business representatives from the Brighton & Hove Economic Partnership and Community Works advised on the grant criteria and helped to promote the scheme.
- 5.2 To promote the grants, the council's Communications Team launched a campaign to raise and maintain awareness. Information has been proactively targeted to businesses to encourage them to check their eligibility and apply for a grant. Business and community organisations such as Brighton Chamber, the Brighton & Hove Economic Partnership and, Community Works in the city shared information with their members and; council teams, for example VisitBrighton, The Communities Team and the Environmental Health team, have been distributing information direct to their business and charity contacts.
- 5.3 A 'How to' applicants guide has been produced and was published on 16 November; which has been viewed by circa. 20,000 people. The guide has been translated into five of the main languages spoken by residents in the city: Arabic, Polish, Mandarin, Bengali and Farsi and publicised within local communities. Information has been shared on news and social media channels and the website is being updated regularly, with a new FAQs page published in January. The dedicated businesses and employers web page attracted 77,849 unique page views from February 2020 to 27 January 2021; and unique page views during second and third lockdown periods totalled 31,736. The business grant guide and web pages have consistently been in the top 20 most viewed pages on the council's website.
- 5.4 The Revenues and Benefits service have regularly been sending e-mails to businesses that, from the records we hold, we believe to be eligible for assistance. As well as generic mails to all these businesses there has been more tailored messaging to specific sectors such as hospitality, bars and pubs and non-essential retail.
- 5.5 The Economic Development team has contributed to the communications by distributing information to businesses and business support organisations such as Wired Sussex and Platf9rm. The team has responded to over 1,600 enquiries to the Economic Development inbox since November 2020.

6. CONCLUSION

- 6.1 Members are asked to agree the proposed approach to dispense the discretionary grant funds, including the top-up payments, to provide for further lockdown restrictions which will help to streamline the process of payments while ensuring probity and compliance with government guidance.

- 6.2 Members are asked to agree the proposed support measures for licensed taxi drivers and Early Years providers outlined in paragraphs 3.19 to 3.23 above.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The government has announced two tranches of discretionary funding for businesses through Additional Restrictions Grant totalling £8.402m. The recommendations in this report aim to distribute this funding in line with the government guidelines for the grant. The schemes proposed are demand led but will be kept within the total allocation of funding through constant monitoring of the grants paid.
- 7.2 The council is fully compensated for all eligible grants paid through the Local Restrictions Support Grants schemes.

Finance Officer Consulted: James Hengeveld

Date: 01/02/2021

Legal Implications:

- 7.3 Since the UK exited from the European Union on the 31 December 2020, the European State Aid regime ceased to apply to the UK. However, the UK must comply with international obligations in relation to subsidy control which are set out in free trade agreements and the World Trade Organisation Agreement on Subsidies and Countervailing Measures. The UK – EU Trade & Cooperation Agreement (TCA) also contains obligations in relation to subsidy control. The TCA is incorporated into domestic legislation and the Council must therefore comply with it. If measures taken by the Council comply with the TCA, they are very likely to comply with the UK's other international obligations relating to subsidies.
- 7.4 The TCA does not apply to subsidies where the total amount granted to a single economic actor is below £325,000 over any period of three fiscal years. The grants outlined in this report will not exceed this threshold and there are therefore no subsidy control concerns.

Lawyer Consulted:

Alice Rowland

Date: 01/02/21

Equalities Implications:

- 7.5 The measures set out in this report will safeguard employment, local business and the economy. The applicants guide has been translated into the main languages spoken in Brighton & Hove and the community and third sector have assisted in raising awareness of the scheme within minority communities.
- 7.6 Licensed private hire and Hackney Carriage drivers have been identified as a high-risk group with death rates up to three times higher than the national average, according to the Office of National Statistics. The working environment makes social distancing impossible and the industry has a higher than average percentage of workers from ethnic minorities which is a particular concern as

black, Asian and minority ethnic (BAME) groups are also shown to have a higher than average morbidity rate from the virus, (ONS). The licensed taxi driving industry is therefore being recognised within the grant scheme as a separate category. The proposal is still based on a fixed grant award paid against business costs.

Sustainability Implications:

- 7.7 This report seeks to provide vital financial support needed by businesses at this difficult time. Access to the grant funding will contribute to business resilience and sustainability.

Brexit Implications:

- 7.8 None

Crime & Disorder Implications:

- 7.5 All applications to the fund are made through the council's MyAccount secure system which includes the necessary safeguards and evidence for audit and reduces fraud.

Risk and Opportunity Management Implications:

- 7.6 The use of the portal to access the funds reduces risk to the council. The MyAccount portal enables the necessary safeguards and evidence for audit.

Public Health Implications:

- 7.7 None

Corporate / Citywide Implications:

- 7.8 These proposals are in line with the council's Corporate Plan to support the local economy and the Economic Strategy which aims to support economic growth.

SUPPORTING DOCUMENTATION

Appendices:

1. Table setting out the different grants schemes which have been in place.

