

Selby District Council

Leader Urgent Decision Paper



To: Leader of the Council
Date: 13 May 2021
Ward(s) Affected: All
Decision: Key
Authors: Tammy Fox, Revenues and Benefits Manager and
June Rothwell, Head of Operational Services
Lead Executive Member: Cllr Lunn, Lead Councillor for Finance and Resources

Title – Additional Restrictions Grant Scheme amendment

1. Summary

- 1.1 This report provides an update on the discretionary grant scheme for COVID-19 support and requests an amendment to consider further awards for exceptional hardship reasons.
- 1.2 At the point of receiving the initial Additional Restrictions Grants (ARG) funding allocation in November 2020 the Government's advice was that this was a fixed sum and must cover funding needs up to the period to 31 March 2022, regardless of the number and level of local or national lockdown measures imposed over that period.
- 1.3 In January 21 the Government announced a further £500m in ARG funding to support businesses through the second national lockdown. The Council was awarded £805k from this second tranche of funding; increasing the Council's total allocation to £2.6m. To date approximately £2.2m of this amount has been paid out in discretionary business support grants.
- 1.4 In March 21 the Government announced that a further £425m ARG funding would be made available to local authorities. Selby's potential allocation is £673k. However, BEIS, who administer the Business Support and ARG grant schemes, have stated that this allocation will only be paid out if the previous amounts have been contractually committed or spent by 30th June. If existing ARG monies cannot be contractually committed by that time there is a risk that the businesses will lose out on the potential third tranche of ARG funding.
- 1.5 In order to access the additional £673k funding allocation it is proposed that the remaining ARG funding be used to consider additional exceptional hardship payments for micro, small and medium sized businesses most impacted by the lockdown restrictions, with amounts of up to £25k.

2. Recommendations

- 2.1 That as the matter is urgent, and the decision cannot await a full meeting of the Executive due to the need to put in place arrangements as part of the Covid-19 response, the Leader agrees that:
- (i) The amended Additional Restrictions Grant (ARG) scheme, attached at Appendix A to the Report is approved; and
 - (ii) That delegated authority is given to the Head of Operational Services to administer the scheme and the Chief Finance Officer is authorised to make technical scheme amendments.

3 The Report

- 3.1 Selby District Council has been allocated £2.6m in ARG funding. To date approximately £2.2m has been distributed to just over 350 businesses in direct business grants.
- 3.2 Guidance issued alongside the first funding allocations stipulated that the Government envisaged that the ARG would primarily be used for the purposes of providing discretionary business support grants, it also stated that it could also be used for wider business support activities where those support activities directly benefit businesses. The guidance also advised this amount was final and no further top up would be given. It is now proposed that the residual balance is made available for exceptional hardship schemes.
- 3.3 In March 2021 mandatory grant schemes were announced to assist businesses to reopen, these were called Restart Grants. Further potential funding was also announced for the discretionary schemes. Authorities will only receive these further amounts if their original funding amounts have been spent and distributed by 30 June 2021.
- 3.4 To ensure the authority can access this further funding, which has been provisionally stated as £673k for Selby District Council, we are recommending consideration is given now to exceptional hardship payments and an amendment to the policy has been made to allow this.
- 3.5 The awards would be up to £25,000. These would be considered for businesses who have experienced and can evidence significant losses of income as a direct impact of the national restrictions. The sum proposed is the maximum an individual business could be paid. In assessing the application consideration will be given to the amount of loss incurred, the actual fixed costs and the grant available to distribute.
- 3.6 From the £2,617,382.00 currently grants have been paid to 370 businesses at a total of £2,300,783.00. The remaining funding of £316k will be used for further payments for exceptional hardship to businesses of up to £25k.
- 3.7 Once accessed the further third tranche of funding would then be used to consider longer term wider business support and consideration of a further amendment to the

ARG Scheme will be made to provide assistance to businesses outside the mandatory Restart Grants scheme.

3.8 The attached revised policy at Appendix A includes new provisions contained in Section 5 of the Policy as highlighted.

3.9 As the decision is a Key Decision the Chair of Scrutiny will be consulted to agree that the decision cannot be reasonably deferred, and that the decision is genuinely urgent.

4. Risks

4.1 Legal

4.1.1 The grants are being issued to recipients on directives from Ministry of Housing, Communities and Local Government and guidance issued from BEIS.

4.1.2 No right of appeal on any decision to refuse payment of the grant has been given in the guidance. As good practice the right to request a review of any decision is given in the scheme.

4.1.3 MHCLG have advised the following regarding State Aid and support announced for businesses –

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period State aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. The Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union.

4.1.4 State Aid applies for the Grant Scheme and can be paid as De Minimis aid €200,000 limit over 3 years (or under the Temporary Framework where De Minimis threshold met). The Local Restrictions Support Grant can be paid under the UK Covid-19 Temporary Framework Approved Scheme which has a €800,000 limit.

4.1.5 The guidance advises Local Authorities must be satisfied that all State Aid requirements have been fully met and complied with when making grant payments. To ensure compliance with this all businesses applying for the grants will be required to make a declaration regarding state aid on the online form and that payment of the grant will not breach their limits.

4.2 Financial

4.2.1 Grants for the ARG will be awarded within the funding allocation limits of the agreed scheme and the spend on this scheme will be closely monitored. Should applications exceed funding available, they will be considered on a first come first served basis.

4.2.2 Fully documented decisions by officers of the grants issued will be made to ensure all requirements are fulfilled. Local authorities will be required to report to central government the numbers and value of grants that have been issued. This report will be submitted using the DELTA system.

5. Recommendations

5.1 The Leader of the Council is requested to approve the revised policy to allow exceptional hardship awards to be made.

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Decision Maker

Leader	Yes
Officer Delegated Decision	Yes for individual payment of grant