

# **Somerset West and Taunton Council**

## **Special Full Council – 29 April 2021**

### **Decision taken under the urgency rules regarding the Additional Restrictions Grant Scheme**

**This matter is the responsibility of Executive Councillor Member Marcus Kravis**

**Report Author: Gordon Dwyer, Economic Development Specialist**

#### **1 Executive Summary**

- 1.1 This report details the decision taken on 16 March 2020 by the Chief Executive under the urgency rules contained within paragraph 5 of the Budget and Policy Framework within the Council's Constitution. The Decision is attached as Appendix A.
- 1.2 In summary, the decision agreed to include the 'top-up' amount of £1,377,895 Additional Restrictions Grant (ARG) funding received from Government in January 2021 within the scope of the Council's ARG scheme and processes.
- 1.3 Over the period of the Tier4 and Third National Lockdown restrictions, the Government's message on management of the ARG funds changed; the original intention had been for Local Authorities to manage the funding to cover any additional support required by businesses up until March 2022. However, during the course of the third national lockdown there was an increasing emphasis on local authorities to get funding to businesses as soon as possible in order to provide support for the immediate situation. This message was backed up in with the provision of a top up amount to the original ARG budget.
- 1.4 There was insufficient time to seek approval for use of the funds through the normal democratic processes as doing so would have significantly delayed our ability to get vital funding to businesses.
- 1.5 Addition of the top-up amount to the original ARG budget was therefore agreed under the urgency provisions by the Chief Executive with the consent of the Chair of Scrutiny. The relevant Portfolio Holder, Cllr Kravis, was also consulted.
- 1.6 The Constitution provides that, where urgent decisions are taken, a full report is made to the next available Council meeting to explain the decision, the reasons for it and why it had to be treated as a matter of urgency.

1.7 There are no direct climate implications arising from these decisions.

## **2 Recommendations**

2.1 Council is asked to note the decision made by the Chief Executive on 16 March 2021 under paragraph 5 of the Budget and Policy Framework within the Council's Constitution in relation to the release of funds to the Additional Restrictions Grant Scheme.

2.2 To reflect this new expenditure within the approved Budgets for the current year and next year, Council is recommended to:

- a) Delegate authority to the S151 Officer to bring forward any outstanding budget amounts from financial year 2020/21 to 2021/22 to reflect timing of expenditure within the overall additional budget of £1,377,895.

## **3 Risk Assessment**

3.1 The key risk both we and Government are trying to mitigate through the award of grant funding is the damage to the local economy and community resulting from businesses ceasing to trade as a result of the financial impact of Covid-19. Consequently it was vital that funds were made available for our local discretionary scheme for it to continue to support the categories of business identified as priorities by Government, as well as to any locally identified priorities.

## **4 Background and Full Details of the Report**

### ***Extension of Budget for Somerset West and Taunton Council's Additional Restrictions Grant (ARG) scheme (Discretionary Covid Business Grants Fund)***

4.1 In November 2020 an Urgency decision was made (and the decision brought to Full Council on 15 Dec 2020) for SWT to set up an Additional Restrictions Grant (ARG) Scheme to provide financial support to businesses where they had suffered financial loss as a result of the Government's Covid-19 restrictions. A budget of £3,102,300 was provided by Government for the scheme.

4.2 Government's intention at the time was for Local Authorities to quickly set up processes for applications and payments, but that the budget should be managed to cover any additional support required by businesses up until March 2022. SWT agreed outline plans to manage the budget accordingly across the two financial years.

4.3 Unanticipated in November 2020 was that restrictions would begin to increase again by 26<sup>th</sup> December. Somerset would move into Tier 4 restrictions on 31 Dec 2020 and the Country as a whole would move to a National Lockdown from 5 January 2021 onwards. Subsequently greater demand was put on the

ARG fund than had been originally anticipated.

- 4.4 In January 2021 the Government's emphasis on the timescales for use of the fund was modified and Government issued a clear message that it wanted to get more of the funds to businesses as soon as possible.
- 4.5 SWT responded by widening our policy and quickly getting a modified ARG scheme up and running again in January 2021. Initially this provided a support payment to qualifying businesses to assist up to mid-February. During this period, the Government also announced that SWT would receive an ARG 'Top Up' amount of £1,377,895.
- 4.6 In mid-February 2021 it was confirmed that the payments from the Government's mandatory business support schemes would extend until 31 March. SWT continued to provide support to reflect this in the ARG scheme too, continuing to utilise funds from the original £3.1m allocation.
- 4.7 In a webinar on 9<sup>th</sup> March the Government issued a much stronger message relating to the dissemination of the ARG fund. This announced that a third payment of funds, (a second top-up), would be made available to Local Authorities. However this would be made available, only once the first payment and first top-up payment had been used.
- 4.8 By this time, with the rapid take up of support within the District, the £3.1m original allocation was expected to be reached before the end of March. Therefore, a request was made for use of the first top-up funding so that support could continue to be provided to businesses in line with our existing ARG policies and delegations.
- 4.9 The Government announcement of the second top-up eradicated the need to safeguard a proportion of funds already received to deal with future lockdown issues. At the same time the announcement encouraged LAs to ensure that funds would continue to be disseminated promptly in order to be in a position to be able to access further funding promised by Government.
- 4.10 The decision to include the further amount of £1,377,895 within the scope of the Council's ARG scheme and process was agreed by the Chief Executive. The decision was made in consultation with the Portfolio Holder, Cllr Kravis. The Chair of the Scrutiny Committee, Cllr Wren, was consulted and agreed that the decision was required as a matter of urgency.

#### **ARG Scheme position at 31 Mar 2021**

- 4.11 At 31 March 2021 the scheme had provided financial support totalling £3,501,659 to 942 businesses which would not have qualified for the Government's mandatory schemes.
- 4.12 For the recent period of Tier 4 and National Lockdown restrictions up until 31 March, the scheme has been left open to all business sectors. The scheme has been able to assist businesses outside of the business rates system and

businesses within the system that have not been required to close, but are nevertheless affected by restrictions.

- 4.13 The local policy developed for the scheme has followed Government guidance and prescribed criteria. In taking decisions on the appropriate level of grant, Government has encouraged Local Authorities to take into account the level of fixed costs faced by the business, the number of employees, whether the business is able to continue trading and the consequent scale of coronavirus losses.
- 4.14 Based on these factors, all applications have been put through the same scoring system to determine the level of support to provide to the business and an award of either £500, £1000, £1500 or £2000 made per 4 week period. However the Council reserves the right to amend those values in the event of needing to balance demand against the amount of funding available.
- 4.15 The application process requires completion of an initial Register of Interest form which is also used for the mandatory grant schemes. In this way, through one application process, we have been able to quickly identify which businesses do not qualify for the mandatory schemes and invite full application to the ARG scheme instead.
- 4.16 Our external auditors at SWAP have been involved with developing verification processes. Other checks are built into the process at relevant points to prevent fraud including use of the 'Spotlight' system provided by Government which checks against limited company registrations and our own internal checks to pick up any duplication of bank accounts against all applications.

### **Future considerations**

- 4.17 At the outset of the original scheme launch in November 2020, predicting likely take up was difficult and largely unknown. By contrast, we now have a much better understanding of the volumes and types of businesses that will benefit from this type of grant support. As the funding becomes depleted and as restrictions loosen, this will be of benefit in helping to target remaining/future funds to the specific businesses and/or business sectors that will continue to be most affected.

## **5 Links to Corporate Strategy**

- 5.1 The effective and quick distribution of grant funding supports the economic and community objectives in our strategy.

## **6 Finance / Resource Implications**

- 6.1 The grant funding is provided by Government and they will also be providing new burdens funding to help towards the administration costs. The ARG scheme has been designed in such a way as to limit the availability of grants against the funding provided by Government.

- 6.2 The table below provides a summary of the Additional Restrictions Grant funding received and the anticipated spend across the two financial years. It is therefore proposed to transfer the £978,536 balance of ARG funds to an earmarked reserve on 31 March 2021 and roll this forward to fund a carry forward of ARG Scheme budget of £978,536 to 2021/22 financial year.

	£	
ARG Initial Funding	3,102,300	
ARG Top Up Funding	1,377,895	
Total ARG Funding Received	4,480,195	
Total Grants paid to businesses in 2020/21	3,501,659	78.2%
Balance of funds available in 2021/22	978,536	21.8%

## **7 Legal Implications**

- 7.1 The decision making process for agreeing the allocation of the funding for the stated purpose is in alignment with the Constitution.

## **8 Climate and Sustainability Implications**

- 8.1 There are no specific climate or sustainability implications relating to these decisions.

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 There are no direct safeguarding or community safety implications relating to these decisions, although the scheme could enable us to provide financial support to help maintain businesses or charities which offer medical services or other community support services.

## **10 Equality and Diversity Implications**

- 10.1 There are no specific equality and diversity implications relating to these decisions, but the scheme could enable us to provide financial support to businesses which offer support services.

## **11 Social Value Implications**

- 11.1 There are no specific social value implications relating to these decisions. However, one of the ARG grant schemes principal purposes is to help target funding at small locally based/independent businesses.

## **12 Partnership Implications**

- 12.1 There are no specific partnership implications relating to these decisions.

However, we have worked closely with organisations such as the Taunton Chamber of Commerce and Minehead BID Group in order to publicise the availability of grants. We also continue to work closely with the Economic Development departments of other Somerset Local Authorities to align schemes where possible.

### **13 Health and Wellbeing Implications**

13.1 The grant funding is specifically intended to support businesses and help them to survive through very uncertain times. This has positive knock-on benefits for the employees of those businesses and the wider community. Our local qualifying criteria to access the ARG scheme has been defined with this in mind.

### **14 Asset Management Implications**

14.1 There are no asset management implications relating to these decisions.

### **15 Data Protection Implications**

15.1 There are no specific data protection implications relating to these decisions.

### **16 Consultation Implications**

16.1 The timescales requested by Government prohibited any significant consultation. However, the top-up was discussed in conjunction with the Portfolio Holder.

### **16 Scrutiny Comments / Recommendation(s)**

16.1 These decisions were taken under the urgency rules within the Constitution and, as such, were not formally considered by Scrutiny. In accordance with the Constitution the Chair of Scrutiny was consulted regarding the requirement for urgent decisions and consented to both decisions being made by the Chief Executive.

#### **Democratic Path:**

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Executive – No**
- **Full Council – Yes**

**Reporting Frequency:**  **Once only**

#### **List of Appendices**

Appendix A	Record of Decision taken by Chief Executive on 16 <sup>th</sup> March 2021
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