

Somerset West and Taunton Council

Full Council – 7 September 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 14 May 2021 by the Director of Development and Place on behalf of 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 a second 'top-up' amount of £1,281,419 Additional Restrictions Grant (ARG) funding, claimed from Government in May 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 has increasingly urged Local Authorities to ensure that funding reaches businesses in need as soon as possible in order to provide support for the immediate situation.
- 1.4 To further encourage this, in March 2021 the Government announced that a second top up of the ARG funds would be made available to Local Authorities.
- 1.5 To access the funding Local Authorities had to fulfil certain conditions and by mid-May SWT was reaching a position at which it could claim the second top up amount.
- 1.6 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 continue make vital payments to businesses.
- 1.7 Addition of the top-up amount to the original ARG budget was therefore agreed under the urgency provisions by the Director of Development and Place on behalf of the Chief Executive with the consent of the Chair of Scrutiny. The relevant Portfolio Holder, Cllr Kravis, was also consulted.

1.8 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.

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

2 Recommendations

2.1 Council is asked to note the decision made by the Director of Development and Place on behalf of the Chief Executive on 14 May 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.

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 business affected by the Covid restrictions.

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 As restrictions increased again from the end of December onwards, Somerset moved into Tier 4 restrictions on 31 Dec 2020 followed by National Lockdown from 5 January 2021 onwards. As a result, greater demand was put on the ARG fund than had been originally anticipated.

4.3 Subsequently, the Government provided a 'top-up' amount of £1,377,895 in January 2021. An Urgency decision was made to add the funding to the ARG budget, making a budget total of £4,480,195.

4.4 At this point there was an increasingly stronger message from Government to Local Authorities that they should ensure that ARG funds are disseminated to businesses that require support as quickly as possible.

4.5 To further encourage this, in March 2021 the Government announced that a third payment of ARG funds would be made available to Local Authorities.

However, the third payment would be made, only once the Local Authority had fully utilised the first and second payments previously provided. Also, spend of the first and second payments needed to have occurred by 30 June 2021 in order to claim the third payment of funds.

- 4.6 In April the Government issued a list of indicative top up allocations. Somerset West and Taunton was allocated £1,281,419 provided the Council was able to disseminate funds effectively by the Government's spend target of 30 June.
- 4.7 SWT had been responding to the Government's call to distribute funds by getting a modified ARG scheme up and running as soon as possible in January 2021 and awarding further periodic payments to qualifying businesses in line with Government announcements about the continued duration of the National Lockdown.
- 4.8 At 30 April 2021 SWT had distributed to businesses all but £149k of the original £4.48m budget.
- 4.9 Businesses in the Hospitality, Leisure and Accommodation sectors remained ordered to close and their suppliers and service providers also remained significantly impacted. With a budget of only £149k remaining, in order to ensure that the support to the affected business could still be provided, the decision was made that, as soon as the second top-up amount of £1.28m was drawn down from Government, that it be added to the existing ARG budget.
- 4.10 Payment of the additional ARG funds to SWT by Government has been confirmed and is expected during the week of 23rd June. This confirmation gave SWT comfort to cash flow the scheme for a brief period until funds had been received to ensure businesses could be paid. Funds have been utilised in line with existing ARG policies and delegations to ensure that there is no delay in providing support.
- 4.11 The decision to include the £1,281,419. within the scope of the Council's ARG scheme and process was agreed by the Director of Development and Place on behalf of 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 4 June 2021

- 4.12 At 4 June 2021 the scheme had provided financial support totalling £4,539,764 in 3,540 grants paid to over 1000 businesses which would not have qualified for the Government's mandatory schemes.
- 4.13 For the period of Tier 4 and National Lockdown restrictions up until 12 April, the scheme was 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.

- 4.14 From 12 April onwards, the scheme has continued under the same policy, but has only been open to businesses that continued to be affected by restrictions (business in the hospitality, leisure and accommodation sectors) and businesses whose main business activity is involved in either supplying or servicing those sectors.
- 4.15 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.
- 4.16 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.
- 4.17 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.
- 4.18 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

- 4.19 The Council has until 31 March 2022 to distribute all remaining funds, with any unspent funds subject to recovery by Government.
- 4.20 At the time of writing, payments were continuing to businesses that had continued to be affected during May. After this point there will need to be a balance between managing the remaining funds to support businesses most immediately affected whilst also safeguarding an element of funding for future months should restrictions increase again.
- 4.21 To ensure the effective distribution of the remaining funds, the scheme priorities will be periodically reviewed. Using the intelligence built up over recent months will assist in targeting the specific businesses and/or business sectors that may continue to be most affected by current or future restrictions.

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 have also provided new burdens funding to help towards 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 spend across the two financial years.

	£	
ARG Initial Funding (received Nov 20)	3,102,300	
ARG first Top Up Funding (received Jan 21)	1,377,895	
ARG second Top Up Funding (claimed in May 21, receipt expected June 21)	1,281,419	
Total ARG Funding Budget	5,761,614	
Total Grants paid to businesses in 2020/21 and 2021/22	£4,539,764	
Balance of funds available for 2021/22 (at 4 June 2021)	1,221,850	

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 broadly 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 the Director of Development and Place on behalf of the Chief Executive on 14 ^h May 2021
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