

MEETING OF THE CABINET

TUESDAY, 30 MARCH 2021

ADDITIONAL PAPERS

CONTENTS

Item		Pages
a	ADMISSION OF ADDITIONAL ITEM	
8.	ADDITIONAL RESTRICTIONS GRANT (ARG)	3 - 10
	Report of the Strategic Director of Place Presented by the Business and Regeneration Portfolio Holder	

Title of Report	ADDITIONAL RESTRICTIONS GRANT (ARG)	
Presented by	Councillor Tony Gillard Business and Regeneration Portfolio Holder	
Background Papers	Cabinet November 2020: Covid-19 Support: Discretionary Grant Funding	Public Report: Yes
		Key Decision: Yes
Financial Implications	<p>This report to Cabinet outlines proposals that facilitate the spend of the remaining £750,000 of the Additional Restriction Grant funding awarded from the Government to support the Councils ongoing economic recovery work.</p> <p>This report also sets out options for the potential future award of a further £650,000 of Additional Restrictions Grant following the Government’s announcement to release further funding to local authorities as part of the ‘Restart’ fund.</p> <p>There will be costs associated with the delivery of these grants, although at the time of writing these have not be finalised. The Council will receive New Burdens funding to compensate it for the costs associated with administering these grants, although the amount has not yet been determined by Government.</p>	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	<p>This report sets out how we will look to commission a third provider to assist with part delivery of the Council ARG spend profile and delegated authority is sought to award this contract.</p>	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	<p>Grant Thornton UK LLP will be commissioned to assist with part delivery of the Council ARG spend profile.</p> <p>Those ARG programmes not delivered by Grant Thornton UK LLP will be delivered through existing service capacity within the Economic Development service or commissioned to be delivered by partners as set out in this paper.</p>	
	Signed off by the Deputy Head of Paid Service: Yes	
Purpose of Report	To seek urgent approval from Cabinet to accelerate the spend of the Council’s £2,850,000 Additional Restriction Grant fund award.	

Reason for Decision	Guidance published by the Department for Business, Energy & Industrial Strategy in March 2021 now require local authorities to shorten their ARG spend profiles by 9 months from 31 March 2022 to 30 June 2021.
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1) REVIEWS AND APPROVES THE ADDITIONAL RESTRICTIONS GRANT PROPOSALS SET OUT IN THIS REPORT. 2) DELEGATES AUTHORITY TO THE SECTION 151 OFFICER IN CONSULTATION WITH THE BUSINESS AND REGENERATION PORTFOLIO HOLDER TO REVIEW AND AMEND THE ADDITIONAL RESTRICTIONS GRANT PROPOSALS SET OUT IN THIS REPORT, TO RESPOND AND ADAPT TO THE CHANGING ECONOMIC ENVIRONMENT AND LOCAL BUSINESS RECOVERY NEEDS. 3) DELEGATES AUTHORITY TO THE SECTION 151 OFFICER IN CONSULTATION WITH THE BUSINESS AND REGENERATION PORTFOLIO HOLDER TO VARYING THE FUNDING ALLOCATIONS SET OUT IN THIS REPORT TO ENSURE TO SMOOTH ADMINISTRATION OF THE VARIOUS PROPOSALS IN THIS REPORT. 4) DELEGATES AUTHORITY TO THE SECTION 151 OFFICER IN CONSULTATION WITH THE BUSINESS AND REGENERATION PORTFOLIO HOLDER TO AWARD A CONTRACT FOR THE DELIVERY OF THE RAPID BUSINESS GROWTH GRANTS AND THE BUSINESS START-UP SUPPORT INITIATIVE SET OUT IN THIS REPORT 5) DELEGATES AUTHORITY TO THE STRATEGIC DIRECTOR OF HOUSING AND CUSTOMER SERVICES TO AWARD ENTERPRISING GROWTH GRANTS UP TO AND INCLUDING THE VALUE £100,000.

1.0 Background

- 1.1 On 12 November 2020 the Government announced a new financial package of support known as the Additional Restrictions Grant (ARG). This was to be a one-off payment and expected to last until March 2022 with no further payments to be issued in other periods of national restrictions. This, in effect, transferred the risk of future periods of national restrictions to local authorities to manage.
- 1.2 North West Leicestershire District Council initially received £2.07m. However, on 5 January 2021 government announced that a further £920k of ARG funding would be

made available to the council increasing the total ARG award to NWLDC to approximately £3m.

- 1.3 In its meeting on 26 November 2020, Cabinet approved initial grant programmes to support businesses not eligible for the main grant for businesses required to close, known as the Local Restrictions Support Grant (Closed). These grants were known as the National Restrictions Discretionary Support Grants and Local Restrictions Discretionary Support Grants and to date the Council has spent over £2.0 million supporting businesses through the periods of national and local restrictions since November 2020. These discretionary schemes are due to close on 31 March 2021 and were due to be followed by wider business support activity using the remaining funding by the Department for Business, Energy and Industrial Strategy's (BEIS) deadline of 31 March 2022.
- 1.4 In the March 2021 Budget, the Chancellor of the Exchequer announced new "Restart" grants for businesses in England. As part of this announcement, Government announced that there would be another £425 million of ARG funding distributed to local authorities. However, guidance published on 17 March 2021 stated that local authorities would only receive this additional ARG funding if they have spent their existing allocations of ARG by 30 June 2021.
- 1.5 This change in guidance will now require local authorities to shorten their ARG spend profiles by 9 months from 31 March 2022 to 30 June 2021 if they wish to receive the additional top-up grant. We estimate that the grant will be worth around a further £650,000 for North West Leicestershire, so consider it appropriate to accelerate plans that were already in development to receive the additional funding and maximise the support available to businesses.
- 1.6 This report to Cabinet outlines proposals for how the council will administer the remaining ARG funds as well as the use of possible "Restart" ARG grant funds to support economic recovery.

2.0 ARG Spend proposal

- 2.1 To date, officers estimate that approximately £2.25 million of the ARG funding will be awarded to businesses through the current discretionary grant schemes. This leaves around £750k of ARG funding to spend by 30 June 2021. The NWL Economic Recovery Cell have identified four different funding streams to deliver support to local businesses in response to the pandemic and also aid economic recovery in line with the Government's Roadmap to recovery:
- 2.2 **£350,000 Emergency response business grant** – It is proposed that a new grant scheme is launched to provide a one off grant payment of up to £10,000 to eligible North West Leicestershire Businesses who can demonstrate hardship resulting from the pandemic and that can demonstrate that their losses exceed the value of local authority Covid grants already received.
- 2.3 Due to the shortened deadline that requires for local authorities to have spent their ARG fund awards by 30 June 2021, the Council is looking to commission external support to deliver this grant programme and is in discussions with Grant Thornton UK LLP, who are currently completing post payment assurance activities on grants administered in the Summer of 2020, to do this. In order to expedite delivery of this programme, delegation is sought to approve a contract with a third party to deliver these grants where such contract exceeds officers current delegated powers e.g. more than £100,000 in any one year.

- 2.4 **£200,000 Rapid business growth grants** – Utilising a streamlined version of the councils existing Enterprising business grants scheme, Council Officers will administer a new large grant fund for businesses providing access to grants between £25,000 and £100,000 for mid-sized (25 - 250 employees) businesses in North West Leicestershire who can demonstrate hardship resulting from Covid and forecast growth potential. Funds will require 50% match funding and require contracted job output at a 1:£50,000 ratio. This funding programme will be delivered using existing capacity within the Economic Development service.
- 2.5 **£50,000 High Street recovery grants** - Using a streamlined version of the Council's existing 'Enterprising' business grants model, this programme will provide grant funding for businesses providing grants of £5,000 to small businesses signing up to a minimum 12-month lease to take on a vacant high street property within Ashby, Coalville, Castle Donington, Ibstock, Kegworth or Measham. No match funding required and there will be no contracted job output. This funding programme will be delivered using existing capacity within the Economic Development service.
- 2.6 High Street recovery grants will be made available to businesses who have taken on a vacant high street property since 5 November 2020 but who have not been eligible for funding through either the Local Restrictions Support Grant or the National Restrictions Discretionary Support Grant programme.
- 2.7 **£120,000 New enterprise and business start-up support initiative** – This initiative will utilise ARG funds to provide tailored programmes of business start-up advice and funding for new businesses and entrepreneurial residents in North West Leicestershire to support new business start-up activity.
- 2.8 This programme will be delivered as part of a Leicestershire-wide business start-up programme delivered by the Leicester and Leicestershire Enterprise Partnership (LLEP) Economic Growth Hub and overseen by a working group of officers from North West Leicestershire District Council, Melton Borough Council, Leicestershire County Council, Leicester City Council and the LLEP.
- 2.9 As well as a comprehensive start-up programme, this fund will also focus on providing support for women into self-employment and young entrepreneurs.

3.0 Financial Implications

- 3.1 As set out in the report, the updated ARG guidance requires local authorities to have spent their initial ARG fund award by 30 June 2021 in order to receive a top up "Restart" ARG funding.

Whilst we are still awaiting further guidance from BEIS on the deadlines for spend of the top up "Restart" ARG fund, it is expected that all of the "Restart" ARG fund will be required to have been fully spent by the end of financial year 2021/22.

- 3.2 Table 1 below outlines how the councils original ARG fund spend will be implemented.

Table 1.

ARG Programme	Status	ARG value
National Restrictions Discretionary Grants (November 2021 to March 2022)	Live	£ 2,250,000
Emergency response business grant	Proposed	£ 350,000
Rapid business growth grants	Proposed	£ 200,000
High Street recovery grant	Proposed	£ 50,000
New business start-up support initiative (deliver through the Leicestershire Growth Hub)	Proposed	£ 120,000
Total ARG commitment		£ 2,970,000

- 3.3 It is proposed that the contribution from the ARG fund to these proposed programmes can be adjusted between the four schemes allowing flexibility for the funding to be reallocated between the programmes to best respond to need and demand.
- 3.4 The combined projects listed above will allocate £2,970,000 of the ARG fund awarded to NWLDC. The remaining circa £20,000 will be allocated to a programme above based on demand and need.
- 3.5 Subject to the successful spend of the councils original ARG award by 30 June 2021, and a subsequent award through the governments "Restart" ARG fund, the NWL Economic Recovery Cell have also outlined proposals to spend an estimated £650,000 should the council be awarded with "Restart" ARG funding. This is set out in the table 2 below.

Table 2

"Restart" ARG Programme	Status	ARG value
Enterprising restart grants (to launch in July 2021)	Proposed	70% of "Restart" award (approximately £450,000 if award at £650,000)*
Enterprising growth grant (to launch in July 2021)	Proposed	30% of "Restart" award (approximately £200,000 if award at £650,000)*
Total potential "Restart" ARG commitment		£ 650,000*

* Estimated subject to award

- 3.6 **£450,000 Enterprising restart grants (Enterprising 4a)** – Using a streamlined version of the Council's existing Enterprising business grants model, and delivered using existing capacity in the Economic Development service, the council will launch a grant fund for businesses providing grants between £2,000 and £20,000 for SME's in North West Leicestershire who can demonstrate hardship resulting from Covid and forecast business growth potential through investment or diversification. Funds will require up to 50% match funding and no contracted job output.
- 3.7 All eligible SME's will be encouraged to apply for an Enterprising restart grant however special priority will be given to those businesses in the hospitality, tourism, leisure, cultural and creative sectors as well as those businesses who use the grant funding to improve their green credentials and carbon efficiency.

- 3.8 **Enterprising growth grant (to launch in July 2021)** – Utilising a streamlined version of the councils existing Enterprising business grants scheme, Council Officers will administer a new large grant fund for businesses providing access to grants between £25,000 and £100,000 for mid-sized (25 - 250 employees) businesses in North West Leicestershire who can demonstrate hardship resulting from Covid and forecast growth potential. Funds will require 50% match funding and require contracted job output at a 1:£50,000 ratio.
- 3.9 As with the original ARG fund award, it is proposed that these programmes can be adjusted to allow flexibility for the funding to be reallocated between the programmes to best respond to need and demand.
- 3.10 Both the proposed “Restart” ARG programmes will be delivered by the councils Economic Development service using the councils streamlined Enterprising grant funding model. The Council will receive funding from BEIS to pay for the administrative costs of administering these grants, but the value has yet to be confirmed.

Policies and other considerations, as appropriate	
Council Priorities:	Supporting Coalville to be a more vibrant, family-friendly town Support for businesses and helping people into local jobs
Policy Considerations:	Council Delivery Plan 2017-2020 North West Leicestershire Economic Recovery Plan 2020
Safeguarding:	No safeguarding considerations.
Equalities/Diversity:	No equalities/diversity considerations.
Customer Impact:	No customer impact considerations.
Economic and Social Impact:	The proposals within the report include a series of grant funding, business support and entrepreneurial support to enable business recovery, growth and new business start-up activity.
Environment and Climate Change:	The proposed Enterprising growth grants will look to target investment into local businesses who use the grant funding to improve their green credentials and carbon efficiency.
Consultation/Community Engagement:	No direct community consultation has taken place. The proposals identified within the report have been shaped through the NWL Economic Recovery Cell with input from the Leicestershire Economic Development Officers Network (LEDON) and input from officers who are delivering front line business facing services throughout the Coronavirus Pandemic. The proposals have also been shared with the Business and Regeneration Portfolio Holder and the Council's Members Recovery Advisory Group for feedback ahead of being presented to Cabinet.
Risks:	None Identified.
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