

Amending the Local Restrictions Discretionary Support Grant Policy

21/12/2020

Background

1. On 26 November Cabinet approved a draft policy for the Local Restrictions Discretionary Support Grants (also known as Local Restrictions Support Grant (Open)). As part of the approval, Cabinet delegated authority to the Section 151 Officer, in conjunction with the Business and Regeneration Portfolio Holder, to amend the policy in response to further guidance or clarification from government, to reflect future restrictions and to ensure the smooth administration of grants.
2. On 9 December Government issued revised guidance on the operation of discretionary grant schemes – most notably reducing the period the eligibility period for grants from 28 days to 14 days. This change meant businesses affected by the tier 3 restrictions introduced from 2 December became eligible for grants from 16 December and requires our policy to be updated before we can launch the grant scheme.
3. On the same day Government also issued new guidance for a new grant scheme to provide “wet-led pubs” with additional funding. We are aware of a handful of pubs that will not receive this grant as they are not ratepayers and we therefore intend to use this scheme to support them.
4. This report sets out the changes made to the Local Restrictions Discretionary Support Grant to reflect the changes in guidance and to ensure smooth administration of the latest set of grants. An updated policy is included in Appendix 1, and we would look to have the application live by Wednesday 23 December at the latest. It also sets out some advanced judgements to ensure smooth administration of applications.

Changes made to the policy

Change 1: Revision of payment dates

5. The original policy was based on 28 day cycles, meaning NWLDC would not receive funding to support businesses until 28 days after tiered restrictions were introduced. In the updated guidance, Government has reduced this to 14 days, so we have updated our policy to reflect this.

Change 2: Revising the value of payments made

6. The original policy allowed for a two-week application window for businesses to apply, with the available money then being split between businesses in proportion to its rateable value, annual rent or annual mortgage costs. We also included the option to top-up the funding through this scheme using the Additional Restrictions Grant.

7. This approach was adopted to manage the financial risk to the Council if there was high demand for grants. We have not experienced that level of demand on the discretionary grants for the November 2020 lockdown period.
8. The Council therefore considers it appropriate and beneficial to businesses to fix the amount of value of payments in line with businesses that have been forced to close, which is the following amounts:
 - £667 per 14-day period of restrictions for businesses occupying properties with a rateable value, annual rent or annual mortgage costs of £15,000 or under;
 - £1000 per 14-day period of restrictions for businesses occupying properties with a rateable value, annual rent or annual mortgage costs between £15,001 and £50,999;
 - £1,500 per 14-day period of restrictions for businesses occupying properties with rateable value, annual rent or annual mortgage costs of £51,000 or over.
9. Based on the applications from businesses in the relevant industries paid to date from the November 2020 discretionary grants, we expect this scheme to cost around £45,000 for every 14-day period we are in tier 3 restrictions, with around 65 businesses expected benefit. This is around £25,000 more than the funding we've been provided, with the additional funding coming from the Additional Restrictions Grant. If NWL remains at this level until the end of March, it would mean using around £200,000 of the £2.07m additional restrictions grant to top-up these grants.
10. This means we are likely to have around £1.5m remaining in the Additional Restrictions Grant to support NWL businesses through additional national lockdowns in the future, provide additional support to larger local businesses important to the local economy and for wider business support activities.

Change 3: Removing the 2-week application window

11. Change 2 means there is no longer a need to close the grant scheme to enable businesses to be paid, as the fixed payment mean businesses can be paid as soon as their cases are approved. We have therefore removed references to deadlines and will close the scheme once the number of successful applications drop and in consultation with the business and regeneration portfolio holder. This is in line with the November 2020 lockdown grants.

Change 4: Combining applications for the two-week period from 2 December – 16 December and 17 December – 30 December into one application period.

12. North West Leicestershire remains in the Tier 3 category, with the next review date being 30 December. To reduce the amount of time spent by businesses and council offices in applying and administering their grants, we will make the application process cover the four week period and the value paid out will therefore be double that set out in paragraph 8.
13. There is a risk that Government could change North West Leicestershire's tier prior to 30 December, reducing the amount of funding provided to NWLDC. If this happens, we will continue to administer the grants for the whole period and use the Additional Restrictions Grant to top-up the shortfall.

Change 5: Adding provision for discretionary wet-led pub payments

14. We are aware of at least 3 pubs that are unlikely to receive Government's Christmas Support Payment for "wet-led pubs", as the landlord is not the registered ratepayer and the ratepayer has reached the state aid limits for grants. We have therefore added provision to top up these businesses grants with an additional £1,000, funding from the additional restriction grant, to ensure they do not miss out.
15. There will not be a separate application process for this. Potentially eligible pubs will be identified through the standard application process and invited to submit additional evidence to demonstrate that they are a wet-led pub.

Key judgements to aid administration of these grants

16. In addition to changing the policy, it will aid the smooth administration of grants to confirm significant judgements in advance of the application process opening.

Judgement 1: We continue to assess what constitutes "severely affected" businesses in line with discretionary judgements adopted in the November 2020 lockdown grants.

17. On 17 December the S151 officer and Business and Regeneration Portfolio Holder agreed to the following rules in assessing applications that do not appear to have been severely affected:
 - Between 35%-40% income loss – exercise discretion to pay given proximity to our boundary.
 - Between 25% - 35% income loss – exercise discretion if there are additional circumstances to be factored in, such as loss of Christmas trade of the business having been negatively affected throughout the pandemic.
 - Below 25% income loss – considered not eligible.
18. The Local Restriction Discretionary Support Grants policy mirrors that of the November 2020 lockdown policy with regards to severely affected businesses, so we propose carry this judgement over to the new grant scheme.

Judgement 2: We will adopt a wide definition of the hospitality, hotel, B&B and Leisure industries to support as many businesses as possible.

19. Government has provided funding to be primarily targeted at businesses within the hospitality, hotel, B&B and leisure industries, but these are not necessarily well defined. The Council also has discretion to award to other industries should it wish to. The table below therefore sets out our planned definition of the above sectors to support officers with decision making.

Industry	Definition
Hospitality	We will adopt the definition set out in The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 statutory instrument, which sets out businesses such as Restaurants, Café's , Bars, Social Clubs and Public Houses.

	<p>In addition, we will also support businesses which have most of their customer base within the hospitality industry – for instance food suppliers and cleaners.</p>
Hotels and B&Bs	<p>Any business that lets out accommodation on a temporary basis, including short-term holiday lets.</p> <p>We will also include businesses that have most of their customer base within this industry.</p>
Leisure industry	<p>We will use the definition of leisure set out in the Expanded Retail Discount scheme administered at the beginning of this financial year, which sets out the following type of business:</p> <ul style="list-style-type: none"> • Sports grounds and clubs • Museums and art galleries • Nightclubs • Sport and leisure facilities • Stately homes and historic houses • Theatres • Tourist attractions • Gyms • Wellness centres, spas, massage parlours • Casinos, gambling clubs and bingo halls <p>We will also include businesses that have most of their customer base within this industry.</p>