

EXECUTIVE ADVISORY PANEL: CLIMATE CHANGE, ENVIRONMENT & GROWTH – 21ST JULY 2021

Report Title	Additional Restrictions Grant Top-Up Funding
Lead Member	Councillor Steven North – Portfolio holder for Growth and Regeneration
Consultees	Organisations representing local businesses in North Northamptonshire

Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974	

Contributors/Checkers/Approvers		
North MO	Adele Wylie	adele.wylie@nothnorthants.gov.uk
North S151	Janice Gotts	janice.gotts@northnorthants.gov.uk
Other Director/SME	George Candler	george.candler@northnorthants.gov.uk

List of Appendices

Appendix A – Summary of options for distribution of Additional Restrictions Top-Up Grant funding

1. Purpose of Report

- 1.1. The Additional Restrictions Grant (ARG) aims to support businesses most severely impacted by coronavirus restrictions. The Government announced that further funding would be made available for Local Authorities, through a conditional ARG top-up. The purpose of this report is to outline the progress to date with the distribution of previous discretionary ARG funding, and set out the options for distribution of this top-up funding to support the local economic recovery framework.

2. Executive Summary

- 2.1 Additional Restrictions Grants (ARG) have provided discretionary support to local businesses impacted by the pandemic. In May 2021, North Northamptonshire Council opened the Discretionary Restart Grant and the

Local Business Hardship Fund utilising remaining combined ARG funds. The scope of the grants was based on:

- Analysis of sectors most impacted by restrictions in the local economy at that time
- Feedback from business from earlier legacy discretionary grants
- Feedback from local business representatives

2.2 A provisional allocation of a conditional top-up of £2.9m is available subject to verified spend of all remaining ARG funding. The intention is for the Council to make a submission to Government on 22nd July 2021 providing this verification. The final deadline for submitting verification is 30th July 2021. Focus is now directed on how this top up funding is best utilised to aid the survival and recovery of businesses most impacted by the pandemic. Funding must be distributed by Local Authorities by 31st March 2022. Four options for targeting the top-up funding are outlined in this report at Appendix A.

2.3 The plan is to launch proposals in September following consideration and endorsement from the Executive on 26th August 2021.

3. Recommendations

3.1 It is recommended that the Executive Advisory Panel:

- a) notes the approach taken to allocate previous discretionary ARG
- b) considers what, if any, comments it may wish to make to the Executive on the proposed four options outlined at Appendix A for ongoing business support utilising ARG top-up funding to support the local economic recovery.

4. Report Background

4.1 The four predecessor authorities had, between them, been provided with £9.34m of discretionary ARG monies. At the start of the financial year, North Northamptonshire Council had £3.869m of unspent ARG, of which about £750,000 was committed, but not yet spent.

4.2 It was agreed that the unspent monies would be used to:

- Honour existing commitments from discretionary grant regimes, that had existed up to the 31st March, that sovereign authorities had not been able to pay out in time, including some spend on the business advice and support service that East Northamptonshire Council (ENC) had set up at a Rushden Lakes venue and other activities related to the wider 'Recovery through Enterprise' initiative.
- Mirror the new 'Restart' scheme that had been created by government – as had happened with earlier grant schemes; making payments to those businesses who were not eligible for the mandatory scheme. With the extension of restrictions, an additional small top-up payment was also provided to beneficiaries of the Restart scheme.

- Help businesses with critical running costs who were aiming to re-commence business at scale via a new 'Hardship' fund, modelled on the schemes developed by Kettering Borough Council and ENC.

- 4.3 Both the Restart and Hardship schemes were launched by the Council in May. Following the announcement of further conditional top-up ARG funding, North Northamptonshire was allocated a provisional amount of £2.9million. The top-up would only be payable if 100% of the previous ARG allocations had been spent by 30th June 2021.
- 4.4 The deadline to spend previous ARG funding was then extended to 30th July 2021 when it was announced that step four of the roadmap out of restrictions was being delayed by a period of up to four weeks. This extension gave businesses more time to submit necessary pre-payment evidence and for the Council to support as many applicants as possible.
- 4.5 Since May 2021 over 700 businesses have received funding under these two grant schemes across North Northamptonshire and the Council. The breakdown of spend by sector for the Restart and Hardship schemes is as follows:

Discretionary Sector	Total Balance	Percentage
Accommodation	£10,955	0.7
Gym and Sports	£46,011	3.1
Hospitality	£407,523	27.7
Leisure	£538,984	36.7
Non Essential Retail	£244,296	16.6
Personal Care	£223,482	15.2
Total	£1,471,251	
Hardship Sector		
Charity	£92,000	10.2
Hospitality, Leisure and Retail	£450,184	50.2
Manufacturing	£261,624	29.1
Creative and Cultural	£95,000	10.5
Total	£898,808	

Note: Please note this breakdown is for grants paid up to 6th July 2021. Some outstanding grants were payable after this date.

- 4.6 Once the Council is able to evidence full spend of previous ARG it will be eligible for top-up funding. Options for distribution of this top-up ARG have been developed and set out in Appendix A.

5. Issues and Choices

- 5.1 The guidance¹ for Local Authorities sets out criteria on which top-up ARG funding can be distributed. Funding should be allocated through business support grants or through wider business support measures. Local Authorities are encouraged to support businesses most severely impacted by restrictions. There are no restrictions on the number of grants a business can receive, outside of Covid-19 business grant subsidy allowance. Therefore, previous grant recipients will be able to apply again depending on the eligibility criteria agreed for further grant support.
- 5.2 During the application process for the discretionary Restart and Hardship schemes, it was evident that whilst some sectors are recovering there are others still severely impacted by restrictions such as travel, events and hospitality and their supply chains. Furthermore, there were a number of applications to the Hardship scheme seeking funding to innovate, expand and diversify. Whilst this was outside of the scope of the scheme at that time, it is being also evident that there is a demand for funding to facilitate recovery via diversification, investment and innovation in businesses across different sectors so that growth can be sustained. The options set out at Appendix A have been developed for those businesses who remain severely impacted and require continued funding to keep trading whilst restrictions are lifted. The options also support businesses who are looking to diversify and invest, and facilitate innovation, on the path to recovery and sustained growth.
- 5.3 Underpinning financial support, an increased focus on business support has been recommended. Restrictions on the use of ARG mean that the Council are unable to contract a third party to deliver wider business support if it did not have a contract in place by 15th April 2021. There is, however, scope to deliver additional business support through Local Enterprise Partnerships (LEPs) and Growth Hubs. This support would be designed to complement existing COVID-19 business support which will continue to be delivered via the Council's Business and Jobs Hub at Rushden Lakes under the Recovery through Enterprise banner. It is proposed that discussions take place with the South East Midlands Local Enterprise Partnership (SEMLEP) Growth Hub to agree the form of this support, appropriate milestones and targets, reporting and payment schedule.
- 5.4 The top-up ARG fund is time-limited. All spend must be incurred by 31st March 2022. Any underspend will be recovered by Government. This means that the Council's plans to spend the top-up funding must be designed to be simple and attractive for businesses to access, as well as targeted. It must also be uninhibited by unnecessary bureaucracy, so it is straight forward to set-up, manage and administer. Proposals for the options outlined at Appendix A would follow this approach. This would include the preparation of guidance notes for applicants detailing eligibility criteria, grant agreements with bespoke conditions, co-ordinated use of social media and other communications, including the use of local business networks, to promote the opportunity to apply for funding, and replicating other systems and processes which have worked well for the Restart and Hardship schemes.

¹ [Local Restrictions Support Grants \(LRSG\), Restart Grant, Additional Restrictions Grant \(ARG\): guidance for local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/local-restrictions-support-grants-lrsg-restart-grant-additional-restrictions-grant-arg)

6. Implications (including financial implications)

Resources and Financial

- 6.1 As outlined above, the total previous ARG fund allocated by Government to the four predecessor authorities totalled £9.34m. At the start of the financial year, the Council had £3.869m of unspent ARG which has been spent on the remaining legacy discretionary grants, the Discretionary Restart grant and the Local Business Hardship Fund. The top-up fund will provide an additional £2.9m.
- 6.2 The distribution of discretionary ARG funding requires significant resource input from the Council's Growth & Regeneration Service. Grants and support to local businesses through ARG funding, remain a key focus for the Service in 2021/22, in collaboration with the Council's Revenues and Benefits team. The Council's Finance Team were involved in the design of the previous Restart and Hardship schemes. This involvement will continue for the successor schemes outlined in Appendix A.

Legal

- 6.3 The Council has a responsibility to ensure that applicants do not exceed the COVID-19 business grant subsidy allowance. This is undertaken through the application and pre-payment verification process. For businesses receiving funding through the discretionary Hardship scheme, a grant offer letter setting out the conditions of funding, including eligible expenditure, is signed by both the Council and the grant recipient prior to payment. This process would continue for the new grant schemes proposed in Appendix A.

Consultation

- 6.4 The options presented reflect the feedback of continued discussions with local businesses and umbrella business organisations, and the ongoing analysis of those sectors more impacted by the COVID-19 pandemic within the local economy.

Consideration by the Executive Advisory Panel

- 6.5 The Executive Advisory Panel is requested to consider the options presented; however, the Council will only spend the funding received by Government. This is not a Key Decision and is not subject to the 'call-in' process.

Climate Impact

- 6.6 The submission of applications for funding does not adversely impact on climate change, with the Council promoting all reasonable steps to minimise environmental impact in its activities. Climate impact will be a consideration in all grant applications. Moreover, the proposal for a new Recovery and Innovation Grant will specifically encourage projects which help to mitigate any negative impacts on climate change and promote positive change and impact. The aim being to 'build back better, stronger and greener' in North Northamptonshire

Community Impact

- 6.7 In developing options to utilise ARG funds from Government for consideration, the Council has prioritised the activities which have greatest potential to support and sustain a local economic recovery.

Risks

Risk	Impact/Mitigation	RAG
Grant spend for invalid or incorrect expenditure	(I)-Financial risk to NNC (M) Pre-payment checks and post assurance verification	
NNC lacks capacity to manage continued ARG programme	(I)-Undermines ability to deliver programme and outputs and harms reputation (M)-Prioritisation of resource to manage programme, including additional dedicated resource funded through ARG. However, it is still inevitable that this could have an impact on other economic development related activities, at least in the short-term	
Total grant spend not achieved within timeframe	(I)-Funding recouped by Government. (M)-Flexibility between the four strands identified in Appendix A with no fixed allocations. Ongoing review of spend and take-up of support	

7. Background Papers

N/A

APPENDIX A: Summary of Options for delivery of top-up ARG to support businesses in North Northamptonshire

Options	Details
Distribution of final committed grants for legacy and NNC Discretionary Grants	Take up for both legacy and North Northamptonshire Council Discretionary Grants has been high. Funding from the 'top-up' will be set aside to cover the cost of payments from previous schemes and support any remaining successful applicants awaiting payments from previous schemes who have met these requirements and are entitled to a payment as set out in the grant criteria of the grant scheme to which they applied should costs exceed the previous ARG allocation. This will be clear when the Council submits its verification to Government which is targeted for 22 nd July.
A new Recovery and Innovation Grant	Building on the discretionary Hardship scheme for local businesses, a new grant programme will be introduced to focus on facilitating recovery through diversification, innovation and growth . Applicants will request funding towards the implementation of growth plans to support and sustain recovery. This will include encouraging diversification and growth projects which reduce emissions, or other harmful environmental impacts, and support a transition to net-zero. The minimum target grant value will start from £10,000, but with scope of fund smaller costs later in the programme and dependent on available budget.
A new sector Hardship Support grant	Following from the discretionary Restart scheme, this ' hardship ' grant will narrow its focus to specific sectors who continue to be severely impacted by the COVID-19 pandemic . These sectors include: events, hospitality and travel. This will be a one-off grant dependent on business size. Previous applicants will be able to apply for this grant if they continue to be severely impacted.
Local Business Support	This involves a focus on maintaining existing activities and 'top-up' and targeted business support . Activity would include continued support of the Council's Business and Jobs Hub at Rushden Lakes, maintaining existing Council capacity to deliver ARG (including the extension of related temporary/fixed term roles) and related recovery and support activity (including the existing Recovery through Enterprise website and social media programmes to promote the wider offer and provide 'signposting'), promoting the sectors impacted by the pandemic including local visitor attractions, and enhanced recovery support delivered through the South East Midlands Local Enterprise Partnership (SEMLEP) Growth Hub.