

EXECUTIVE

26 AUGUST 2021

Report Title	Additional Restrictions Grant Top-Up Funding
Report Author	Rob Harbour - Assistant Director for Growth and Regeneration
Executive Member	Councillor Steven North – Executive Member for Growth and Regeneration

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Forward Plan Reference (if yes to Key Decision)	
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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	

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 disease (COVID-19) 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), awarded by Government and channelled via local councils, have provided discretionary support to local businesses impacted by the COVID-19 pandemic. Initial ARG support was distributed via

the sovereign councils. 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 The Government have indicated that a provisional allocation of a conditional top-up of £2,987,165 is available to the Council subject to verified payment of all previously allocated ARG funding. The Council made a submission to Government on 26 July 2021 providing this verification. This was ahead of the final deadline of 30 July 2021.
- 2.3 The Council's focus is now to consider how this top-up funding of £2,987,165 is best utilised to aid the survival and recovery of businesses most impacted by the pandemic. Funding must be distributed and paid by Local Authorities by 31 March 2022. Four options for targeting the top-up funding are outlined in this report at Appendix A. These are not mutually exclusive and the intention would be to deliver these in combination. The aim being to build back better, stronger and greener in North Northamptonshire.
- 2.4 The options were considered at the Council's Climate Change, Environment & Growth Executive Advisory Panel meeting on 21 July 2021 and received support. The plan is to launch proposals in September following endorsement from the Executive.

3. Recommendations

- 3.1 It is recommended that the Executive:
- a) notes the approach taken by the Council to allocate previous discretionary Additional Restrictions Grant; and
 - b) agrees the four options outlined at Appendix A for utilising Additional Restrictions Grant top-up funding to support the local economic recovery.
 - c) Delegate authority to the Executive Member of Growth and Regeneration in consultation with the Executive Director of Place and Economy to allocate the Additional Restrictions Grant funding

Reason for Recommendations

- 3.2 To enable the distribution of Additional Restrictions Grant top-up funding to support the local economic recovery framework.

4. Report Background

- 4.1 The four previous sovereign authorities had, between them, been provided with **£10.057m** of discretionary ARG monies by central government. At the start of the financial year 2021 - 2022, North Northamptonshire Council had **£4.579m** of unspent ARG, of which about **£750,000** was committed by the sovereign authorities, but not yet spent.
- 4.2 It was agreed by the Council that the unspent monies would be used to:
- a) Honour existing commitments from discretionary grant regimes, that had existed up to the 31 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 created by ENC. These activities, which offer support across North Northamptonshire, include business advice and help for people finding employment, training and other services.
 - b) 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. This was agreed by the Council's Section 151 officer.
 - c) 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 2021.
- 4.4 Following the announcement of further conditional top-up ARG funding, the Council was allocated a provisional amount of **£2,987,165**. The top-up would only be payable if 100% of the previous ARG allocations had been paid by 30 June 2021.
- 4.5 The deadline to pay-out previous ARG funding was then extended to 30 July 2021 due to step four of the roadmap out of restrictions 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.
- 4.6 Since May 2021 almost 800 local businesses have received funding under these two grant schemes across North Northamptonshire and the Council has paid out all the funding as required by Government. The breakdown of payments by sector for the Restart and Hardship schemes is as follows:

Discretionary Restart Grant – by sector	Total funding awarded	%
Accommodation	£14,455	0.7
Gym and Sports	£66,493	3
Hospitality	£612,979	27.8
Leisure	£805,187	36.6
Non-essential retail	£359,579	16.3
Personal Care	£344,029	15.6
Total	£2,202,722	

Hardship Fund – by sector	Total funding awarded	%
Charity	£92,000	10.1
Hospitality, Leisure and Retail	£470,184	51.7
Manufacturing and related	£261,624	28.8
Creative and Cultural	£85,000	9.4
Total	£908,808	

- 4.7 In addition to the payments shown in the table above, a further top - up payment was made to businesses within the Discretionary Restart Grant scheme ensuring that the balance of grant funding, totalling just over **£700,000**, was distributed before the deadline of 30 July 2021.
- 4.8 As the Council has evidenced full payment of previous ARG, it is eligible for top-up funding. Options for distribution of this top-up ARG have been developed and are 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

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)

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 evident that there is a demand for funding to aid recovery via diversification, investment and innovation in businesses across different sectors.
- 5.3 The options identified for consideration by the Executive are targeted at businesses who remain severely impacted by the pandemic and require continued funding to keep trading because of the continued impact of previous restrictions. The options also provide access to support for businesses looking to diversify and invest, and facilitate innovation, on the path to recovery and sustained growth. In summary, the proposals are that the Council:
- a) Distribute the final committed legacy and NNC Discretionary Grants;
 - b) Create a new Recovery and Innovation Grant;
 - c) Create a new sector Hardship Support Grant; and
 - d) Maintain local business support by utilising existing networks.

Further information on each of the above proposals is contained within Appendix A of this report.

- 5.4 Complementing financial support, there is a continuing focus on business support. Restrictions on the use of ARG mean that the Council is unable to contract a third party to deliver wider business support if it did not have a contract in place by 15 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 initiative [Recovery Through Enterprise | The Economic Recovery Plan](#). Appendix A therefore also proposes that discussions take place with the South East Midlands Local Enterprise Partnership (SEMLEP) Growth Hub to agree the form of this business support, appropriate milestones and targets, reporting and a payment schedule.
- 5.5 The ARG Top-Up fund is time-limited. All spend must be incurred by 31 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. The process must be straight forward to set-up, manage and administer. Proposals for the delivery

of the options outlined at Appendix A would follow this approach. This would include:

- the preparation of guidance notes for applicants detailing eligibility criteria;
- standardised grant agreements with bespoke conditions;
- co-ordinated use of social media and other communications;
- use of local business networks to promote the opportunity to apply for funding; and
- replicating systems and processes which have worked well for the Restart and Hardship schemes.

5.6 In designing the ARG Top-Up Funding scheme, due consideration will be given to the financial weightings required for each of the Options delivered, ensuring that the overall funding available is best utilised to ensure survival and recovery of businesses most impacted by the pandemic. This will be informed by a number of indicators including likely call on funds for legacy grant payments, levels of sector need, interest generated for the new grant schemes and the resource required to provide Local Business Support activity.

6. Implications (including financial implications)

Resources and Financial

6.1 As outlined in this Report, the total previous ARG fund allocated by Government to the four predecessor authorities totalled **£10.057m**. At the start of the financial year, the Council had **£4.579m** of unspent ARG which has been distributed and paid out on the remaining legacy discretionary grants awarded by the predecessor councils, the Discretionary Restart grant and the Local Business Hardship Fund. The top-up fund will provide an additional **£2,987,165**.

6.2 The distribution of discretionary ARG funding requires significant input of officer time from the Council's Growth & Regeneration Service. Providing grants and support to local businesses through ARG funding will 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 recent 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 Government to ensure that applicants do not exceed the COVID-19 business grant subsidy allowance. This will be undertaken through the application and pre-payment verification process. For businesses receiving funding, a grant offer letter setting out the conditions of funding, including eligible expenditure, will need to be signed by both the Council and the grant recipient prior to payment.

Consultation

- 6.4 The options presented in Appendix A reflect the feedback of continued discussions with local businesses and umbrella business organisations such as the Federation of Small Businesses, and intelligence collected by the Council on those sectors more impacted by the COVID-19 pandemic within the local economy. The options were also reported to the Climate Change, Environment and Growth Advisory Panel on 21 July. The Panel supported the four options and their use in combination to help provide a broad range of support for local businesses most impacted, including the proposed focus on environmental improvements and climate change in the assessment process. It also indicated support for the use of bespoke grant sizes to reflect different business needs, and the importance of checks to ensure eligibility.

Consideration by Scrutiny

- 6.5 None. The Executive is requested to consider the options presented. The Council will only spend the funding received by Government.

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.

Community Impact

- 6.7 In developing options to utilise ARG funds from Government for consideration, the Council has prioritised a range of activities to help support and sustain a local economic recovery. This should have a positive community impact helping local businesses to survive, grow and thrive.

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

[Local Restrictions Support Grants \(LRSB\), Restart Grant, Additional Restrictions Grant \(ARG\): guidance for local authorities - GOV.UK \(www.gov.uk\)](#)