

**Report for:** Cabinet Member Signing 17 December 2020

**Title:** COVID-19 Local Restrictions Grant (Open) and Additional Restrictions Grant Schemes

**Report authorised by:** David Joyce –Director Housing, Regeneration & Planning

**Lead Officer:** Peter O'Brien – Assistant Director Regeneration & Economic Development

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Key

## **1. Describe the issue under consideration**

- 1.1 The government has announced a range of financial support packages in response to the ongoing economic impact of COVID-19 and the changes to the tiering system announced in the Winter Plan published on 23 November 2020.
- 1.2 This included the Local Restrictions Support Grant (Closed), providing grant support to businesses required to close under Tier 3 restrictions. This scheme was amended to provide support to businesses required during the national lockdown and guidance was further amended as a result of the changes to tier restrictions, providing grant support for businesses now required to close as a result of Tier 2 restrictions.
- 1.3 The Local Restriction Support Grant (Sector) provides support for those businesses which have been required to remain closed since the first national lockdown.
- 1.4 Two further grant schemes, the Local Restrictions Grant (Open) and the Additional Restrictions Grant, allow for local authority discretions in their application with regards to eligibility and grant levels.
- 1.5 This report provides details of the guidance issued to local authorities (5.1-5.39) and makes recommendations on the eligibility criteria and grant levels to be awarded (5.40-5.67) under these two schemes.
- 1.6 Given the complexities of the guidance, and timing of the issuing of related clarification FAQs, proposals for the scheme were not available in order to take a report to 8<sup>th</sup> December Cabinet.

## **2. Recommendations**

### **2.1 That the Cabinet Member for Local Investment and Economic Growth:**

- 2.1.1. Approves the local eligibility and grant levels as described in this report for the Local Restrictions Grant Scheme (Open) and the Additional Restrictions Grant Scheme (5.41-5.69).
- 2.1.2. Delegates authority to the Director of Housing, Regeneration and Planning in consultation with the Director of Finance and the Cabinet Member for Local Investment and Economic Growth decisions to agree the criteria for the allocation of Additional Restrictions Grant Scheme funding as described in this report (5.62 & 5.63).
- 2.1.3. Delegates authority to the Director of Housing, Regeneration and Planning in consultation with the Director of Finance and the Cabinet Member for Local Investment and Economic Growth decisions to agree the criteria for the application of residual Local Restrictions Grant Scheme (Open) as described in this report (5.50).

## **3. Reasons for decision**

- 3.1. COVID-19 is continuing to have a significant impact on both local businesses and the local economy.
- 3.2. The Local Restrictions Grant (Open) and the Additional Restrictions Grant Schemes will enable the council to provide support to some businesses who were not eligible for a grant under the Local Restrictions Grant Scheme (Closed) including businesses who were not supported under the grant schemes introduced at the start of the first national lockdown.
- 3.3. The guidance issued by the government identifies its priorities for which businesses should be supported but allows for local authorities to design their own scheme within the constraints of the mandatory criteria set out in the guidance.
- 3.4. Haringey Council is committed to Community Wealth Building. In the Borough Plan we have stated that we want to build the strength, depth and wealth of our local economy to support our businesses and residents to thrive. Community Wealth Building will be key element in supporting our businesses to recover from COVID-19. The Haringey local scheme will support businesses providing employment to many residents and this will in turn help to deliver the council's vision for a Good Economy by helping businesses to survive and provide Good Work for residents.

## **4. Alternative options considered**

- 4.1. The proposals set out in this report are considered to be the most effective overall scheme and are the recommended option, taking into account the sum allocated to the council, the criteria set by the Government, and reflecting the council's intelligence on local circumstances.

- 4.2. A number of alternative models have been considered and the council is aware of a range of scheme designs being progressed by other boroughs.
- 4.3. Option 1: first come first served – advocated by a number of boroughs where the sum allocated cannot possibly cover the potential number of businesses. In Haringey's circumstances, it is felt that the scheme could be designed in a manner which would provide a reasonable grant level to eligible applicants. Option 1 could leave potentially eligible businesses being refused once the scheme had been exhausted.
- 4.4. Option 2: points based approach – this approach was felt to be administratively cumbersome and time-consuming and would lead to long processing times. Given the urgency of getting support to Haringey businesses and the relatively modest sums of money involved, such a bureaucratic approach was not felt to be reasonable or proportionate.

## **5. Background**

### **Local Restrictions Support Grant Scheme (Open)**

#### **Government Guidance**

- 5.1. The government announced the Local Restrictions Grant Scheme (Open) on the 22 October 2020.
- 5.2. Guidance was issued on 12 November 2020 with technical questions and answers issued on 16 November 2020.
- 5.3. Extended technical questions and answers were issued on 13 November, 23 November and 11 December 2020, and further State Aid guidance was issued on 11 December 2020.
- 5.4. A summary of the guidance is shown below.

#### **Funding**

- 5.5. The funding allocation for the Local Restrictions Grant Scheme (Open) has been calculated by the Government using Valuation Office data (2019) for the number of hospitality, accommodation and leisure businesses in the borough plus a 5% top up.
- 5.6. Grant funding will be issued by the Government to local authorities in 14 day cycles
- 5.7. For the period the borough was in Tier 2 prior to the national lockdown 16 October to 4 November, the council has received £310,949 (£296,142 plus £14,807 top up).
- 5.8. Further funding will be provided for the period the borough is in Tier 2 post national lockdown, initially 2 -16 December 2020.
- 5.9. The government will not be increasing these amounts, and authorities have to manage within the funding allocation.

#### **Grant Payment Levels**

- 5.10. The government have announced the following funding tiers as a guide, but expect local authorities to provide funding in these tiers unless a local economic need to deviate
- 5.10.1. Rateable Value up to £15,000 – £467 per 14 day cycle.
  - 5.10.2. Rateable Value £15,001 to £50,999 - £700 per 14 day cycle.
  - 5.10.3. Rateable Value £51,000 and over – £1,050 per 14 day cycle
- 5.11. Local authorities will have discretion as to how to award grant funding to individual businesses. The grant funding can only be spent on business grants.
- 5.12. In taking decisions on the appropriate level of grant payments, the guidance suggests local authorities may want to take into account the level of fixed costs, number of employees, whether the business has had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.

### **Government guidance on who should benefit from the Scheme**

- 5.13. The Local Restrictions Grant Scheme (Open) provide support for businesses who have NOT been legally required to close but have been severely impacted by High and Very High (Tier 2 and Tier 3) restrictions.
- 5.14. This grant is aimed at hospitality, accommodation (hotel and bed and breakfast) and leisure businesses and are the types of businesses the government considers should be a priority for this scheme.
- 5.15. In the event of renewed national lockdowns, the Local Restrictions Support Grant (Open) will cease to apply as relevant businesses will receive funding from the Local Restrictions Support Grant (Closed).
- 5.16. Businesses that were established prior to the introduction of High (Tier 2) restrictions within their area are eligible
- 5.17. Payments will be made to the registered ratepayer

### **Applicable dates**

- 5.18. This scheme applies to the period the borough was in High (Tier 2) restrictions prior to national lockdown, 16<sup>th</sup> October to 4 November 2020.
- 5.19. It also applies to the period the borough is in High (Tier 2) restrictions post national lockdown, initially 2 December-16<sup>th</sup> December 2020 and any period thereafter.

## **Additional Restriction Grant Scheme**

### **Government Guidance**

- 5.20. The government announced the Additional Restrictions Grant Scheme on the 31 October 2020.
- 5.21. Guidance was issued on 12 November 2020 with technical questions and answers issued on 16 November 2020.

- 5.22. Extended technical questions and answers were issued on 13 November, 23 November and 11 December 2020, and further State Aid guidance was issued on 11 December 2020.
- 5.23. A summary of the guidance is shown below.

### **Funding**

- 5.24. The funding allocation for the Additional Restrictions Grant Scheme has been calculated as a one off payment based on £20 per head of population using ONS mid year population estimates published in March 2020.
- 5.25. The allocation to Haringey Council is £5,372,940 and this can be used up to March 2022.
- 5.26. However, the government has stated that no further funding will be provided in the event that the authority enters Very High (Tier 3) restrictions or in the event of a further national lockdown

### **Grant Payment Levels**

- 5.27. Local authorities are to determine the level of grants payable under the Additional Restrictions Grant.
- 5.28. In taking decisions on the appropriate level of grant payments, the guidance suggests local authorities may want to take into account the level of fixed costs, number of employees, whether the business has had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.

### **Government guidance on who should benefit from the Scheme**

- 5.29. The Additional Restrictions Grant Scheme is to support businesses adversely impacted by National or Very High (Tier 3) restrictions.
- 5.30. It can be used for business support activities, but it is expected this is to primarily take the form of discretionary grants.
- 5.31. Local authorities are encouraged to develop schemes that help businesses not legally forced to close but are severely impacted by restrictions such as the Retail, Hospitality and Leisure supply chain and the events sector.
- 5.32. Support can also be provided to businesses outside of the rates system which have been forced to close under restrictions.
- 5.33. It can also be used to pay top ups to payments made under other grant schemes.
- 5.34. In taking decisions on the appropriate level of grant payments, the guidance suggests local authorities may want to take into account the level of fixed costs, number of employees, whether the business has had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.

### **Applicable Dates**

- 5.35. This scheme applies to the period the borough was in national lockdown and so for the period 5 November to 1 December 2020 and any period of national or Very High (Tier 3) restrictions thereafter.

### **Local Restrictions Support Grant (Open) and Additional Restrictions Support Grant**

#### **Funding**

- 5.36. The government will meet New Burdens Costs in relation the administration of these funds

#### **Eligibility**

- 5.37. Businesses in administration, are insolvent or where a striking off notice has been made are ineligible.
- 5.38. Businesses should confirm that they are eligible for the grant scheme and that payments accepted will be in compliance with State Aid requirements.
- 5.39. Businesses will need to notify their local authority if they no longer meet the eligibility criteria for further grants at any point in each 14 day cycle (for the Local Restrictions Support Grant (Open) scheme)

### **Haringey Local Eligibility and Grant Levels**

- 5.40. A summary of the proposed eligibility and grant levels are detailed below.

#### **Principles applied to developing Haringey's Local Eligibility and Grant Levels**

- 5.41. A set of criteria is proposed that is considered to:
- 5.41.1. Provide grant support to as many businesses as possible within the government's targeted businesses and within the funding allocations.
  - 5.41.2. Make the application process for businesses as simple as possible. Businesses will not need to determine which scheme they should apply for as there will be one application form and eligible grants will be made based on the information provided
  - 5.41.3. Be consistent and fair across all applications
- 5.42. Local eligibility and grant levels have been designed to protect the council's financial position by managing within the funding allocation
- 5.43. Scheme details will be published on the council's website.

## **Priority Groups**

### **Local Restrictions Grant Scheme (Open)**

- 5.44. It is recommended that hospitality, accommodation, and leisure businesses are the only business groups eligible to apply.
- 5.45. This is in line with the government guidance on businesses to be targeted and the basis used for the governments funding allocation to the council
- 5.46. Only businesses registered on the business rates system will be eligible to apply
- 5.47. This is in accordance with businesses targeted in the guidance.
- 5.48. It is also in line with the calculation on which the funding allocation has been based.
- 5.49. Therefore, the supply chain will not be eligible to apply in the first instance.
- 5.50. In the event that applications are lower than the funding allocation, recommendation 2.1.3 delegates decision making on the application of any residual funds, which could include providing grants to the supply chain
- 5.51. It is recommended that Local Restriction Support Grant Scheme (Open) payments are made to the same businesses for the periods pre and post the national lockdown subject to eligibility.

### **Additional Restrictions Grant Scheme**

- 5.52. It is recommended that the following groups are eligible to apply for this grant
  - 5.52.1. Retail, hospitality and leisure supply chain and the events sector (registered ratepayers and non ratepayers)
  - 5.52.2. Non ratepayer businesses required to close
  - 5.52.3. In person businesses not required to close but who are severely impacted by restrictions
- 5.53. This is line with the government guidance on businesses to be targeted. The inclusion of the retail, hospitality and leisure supply chain as well as the events sector is welcomed as these businesses have not been eligible for grant funding to date and have been severely impacted by restrictions implemented to manage the pandemic.
- 5.54. The guidance allows for a grant payment to be made to local BIDs. Therefore, if approval of the local eligibility and grant levels as described in this report is given, officers will be recommending a grant payment of £20,000 is made to Haringey's BID, the Wood Green BID in recognition of the ongoing support they are providing to businesses in wood Green and acknowledging that the pandemic has had a significant impact on their own income.
- 5.55. Other business support activities will be considered after the initial round of applications and if funding allows



## **Grant Payment**

### **Local Restrictions Grant Scheme (Open)**

- 5.56. It is recommended that grant payments are made in rateable value tiers in line with the guidance
- 5.56.1. Rateable Value up to £15,000 – UP TO £467 per 14 day cycle.
  - 5.56.2. Rateable Value £15,001 to £50,999 – UP TO £700 per 14 day cycle.
  - 5.56.3. Rateable vale £51,000 and over – UP TO £1,050 per 14 day cycle
  - 5.56.4. In the event application numbers exceed the funding allocation, the grant payments will be pro rated accordingly

### **Additional Restrictions Grant Scheme**

- 5.57. It is recommended that a higher level of grant is made to the Retail, Hospitality and Leisure supply chain and the events sector, in recognition that these businesses have not received any support through grants packages to date.
- 5.58. It is recommended that the grants are paid in rateable value tiers in line with other scheme payments
- 5.58.1. Rateable Value up to £15,000 – UP TO £2,500
  - 5.58.2. Rateable Value £15,001 to £50,999 – UP TO £5,000
  - 5.58.3. Rateable vale £51,000 and over – UP TO £7,500
  - 5.58.4. For non ratepayers, annual rent equivalent to rateable value banding will be applied
- 5.59. For non ratepayer businesses required to close, it is recommended that grants are paid in rateable value tiers in line with the guidance for the Local Restrictions Grant Scheme (Closed) (not subject to this report), and that annual rent is used as the equivalent banding
- 5.59.1. Annual Rent up to £15,000 – UP TO £1,334
  - 5.59.2. Annual Rent £15,001 to £50,999 – UP TO £2,000
  - 5.59.3. Annual Rent £51,000 and over – UP TO £3,000
- 5.60. For in person businesses not required to close but severely impacted, it is recommended that grants are paid in rateable value tiers in line with the guidance for the Local Restrictions Grant Scheme (Open)
- 5.60.1. Rateable Value up to £15,000 – UP TO £934
  - 5.60.2. Rateable Value £15,001 to £50,999 – UP TO £1,400
  - 5.60.3. Rateable vale £51,000 and over – UP TO £2,100
- 5.61. The payments detailed in 5.58-5.60 are the total grant payments for the period 5 November – 1 December 2020.
- 5.62. In the event that significant numbers of applications are received, significantly exceeding the available funding allocation, then the grant payments will be pro



rated down accordingly in order for the Council to disburse the full allocation of £5,372,940

- 5.63. In the event that applications are lower than the funding allocation, the Council will make further decisions in line with its proper procedures, and as set out in recommendation 2.1.2. In doing this, the Council will consider factors such as the known numbers of eligible businesses and the updated environmental and economic context (i.e. current COVID tiering for London). Approaches could include measures such as additional payments to the Retail, Hospitality and Leisure supply chain and the events sector, to reopen applications to other business groups, to retain some funding for any future restrictions or to set a sum aside for non grant business support activities.

### **Local Eligibility Criteria**

- 5.64. The mandatory criteria identified in sections 5.37 and 5.38 will apply.
- 5.65. Businesses operating from residential premises will not be eligible to apply.
- 5.66. Premises used solely for storage purposes will not be eligible.
- 5.67. No other business group will be eligible to apply.
- 5.68. Only businesses located in Haringey will be eligible to apply.
- 5.69. Payments will be made for each eligible hereditament or premises.

### **Application and Checking Process**

- 5.70. This will be an application process. It is recommended that applications are open for a 2 week window. Applications will be closed at midnight on the 4 January 2021.
- 5.71. It is recognised that the closing date may need to be extended if the Christmas period is deemed to have had a detrimental impact on businesses being able to apply within the initial application window.
- 5.72. As payments need to be made within the funding allocation, payments cannot be made until after the application window has closed.
- 5.73. Applications will be checked for eligibility as they are received
- 5.74. An online application form has been designed that collects information required to check eligibility, calculate grant payments and make payments as quickly as possible.
- 5.75. The form allows for uploading of supporting documentation at time of application (although with instructions on how to email this if any issues).
- 5.76. Applicants will be given a unique reference number and instructed to quote this in all correspondence.
- 5.77. There will be a declaration that is 'signed' with applicant confirming eligibility and that State Aid requirements are met by accepting the grant.

- 5.78. There will be a statement regarding fraudulent declarations.
- 5.79. Audit & Risk have been part of the team developing the scheme and have agreed that the majority of information provided will be on a self-declaration basis with spot checking being undertaken.
- 5.80. Further information or evidence will be sought where necessary to ensure eligibility of applications
- 5.81. Applications will be checked to ensure payments are made from the relevant scheme, and if any applications are eligible for a payment from the Local Restrictions Support Grant (Closed Addendum), then this payment will be processed from the funding allocation for this scheme.
- 5.82. Checks will be done with Companies House where relevant.
- 5.83. The first payments will be processed the week beginning the 4 January 2021 (or as maybe extended), once the application window is closed and all eligible applications have been processed.

### **Communications**

- 5.84. Details of the approved schemes will be published on the council's website. Further communication and publicity will be through the Haringey Business Bulletin, directly with networks and on social media.

### **Financial Implications**

- 5.85. It is not possible to know in advance the potential number of applications that may be received for either scheme.
- 5.86. Whilst the government has used Valuation Office data to calculate local authority funding for the Local Restrictions Support Grant Scheme (Open), this does not always reflect the actual business type of the premises and therefore may not necessarily reflect the actual number of eligible businesses
- 5.87. To ensure grant payments are managed within the funding allocation, grant payments have been marked as UP TO each level.
- 5.88. In the event applications exceed funding allocation for each scheme, grant payments will be pro rated accordingly.
- 5.89. In the event that applications are lower than the funding allocation, the recommendations in this report, delegate authority for the application of residual funding as described in sections 5.50 and 5.63.
- 5.90. Any surplus funding from one scheme cannot be used to offset another scheme.
- 5.91. This mitigates the risk to the council as any grant payments in excess of the funding allocation are to be borne by the council

## **6. Contribution to strategic outcomes**

- 6.1. The local eligibility and grant levels as detailed in this report will help maintain a sustainable economy by providing financial support to as many businesses as

possible within the agreed criteria, thus increasing the likelihood of those businesses being able to reopen as COVID measures allow.

## **7. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **Finance**

- 7.1. The funding allocation for the Local Restrictions Support Grant (Open), and Additional Restrictions Grant are as described in this report, an initial £310,949, and £5,372,940 respectively. Both of these allocations are final, and the Council will have to manage its allocation carefully, in order to not overcommit funds.
- 7.2. The Government has provided suggested guidelines for the disbursement of The Local Restrictions Support Grant (Open), however has given Local Authorities the discretion to ultimately make decisions regarding how these funds are disbursed. The Council's approach as set out in this paper looks to mirror the suggestions made in the government guidance, however with processes in place to avoid overcommitting the limited funds available.
- 7.3. The Council's initial allocation for the Local Restrictions Support Grant (Open), covers the period that London was in Tier 2 restrictions in October and November 2020. Further allocations of funding will be announced to cover restrictions that followed the national lockdown which ended on 2 December 2020.
- 7.4. The Council has discretion over the design of the Additional Restrictions Grant scheme, and the Council's approach is set out in this paper.
- 7.5. The Council is adopting processes which will appropriately address any potential financial risk to the Council.

### **Procurement**

- 7.6. There are no procurement implications.

### **Legal**

- 7.7. The Head of Legal and Governance has been consulted in the preparation of this report and has the following comments.
- 7.8. Confirmation can be given of the fact that the Council has the power to award the two forms of grant payments detailed in this report pursuant to section 1 of the Localism Act 2011.
- 7.9. However, although the United Kingdom left the European Union on 31<sup>st</sup> January 2020, it is still in a transition period until 31<sup>st</sup> December 2020. As such, the EU State Aid rules continue to apply to the UK. Accordingly, any aid granted during the period must comply with those rules.

- 7.10. The EU Commission has, however, approved the government's temporary strategy to allow State Aid compliant aid measures – to include direct grants - to individual companies affected by the pandemic of up to an increased de minimis sum of €800,000 / €3m - (£738,000 / £2,747m approx – Commission exchange rates on the date of payment will be applied) subject to certain conditions which need to be reflected in the roll out process to be delegated to officers under Recommendations 2.1.2. and 2.1.3. Accordingly, the grant levels envisaged need to be contained within that limit, and in order to inform that requirement, all applicants will be required to comply with a guidance process designed by the government to identify the level of funding received to date.

## **Equality**

- 7.11. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- 7.11.1. Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - 7.11.2. Advance equality of opportunity between people who share those protected characteristics and people who do not
  - 7.11.3. Foster good relations between people who share those characteristics and people who do not.
- 7.12. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 7.13. The proposed decision is to approve the local eligibility and grant levels for discretionary business support schemes detailed in this report.
- 7.14. COVID-19 has had a significant impact on businesses and employment in the borough. On 10 September 2020, the claimant count in Haringey stood at 10.9%. Whilst the demographic breakdown of this data is limited, we do know that Haringey, like other areas, experienced pre-COVID employment gaps for residents with disabilities, Black, Asian and Minority Ethnic residents, and women. Further, COVID employment impacts have been unequal, exacerbating barriers for low paid and insecure workers, many of whom are young people.
- 7.15. The two schemes detailed in this report, the Local Restrictions Grant (Open) and the Additional Restrictions Grant Schemes enable the council to support some businesses who were not eligible for a grant under the Local Restrictions Grant Scheme (Closed).
- 7.16. The guidance issued by the government identifies its priorities for which businesses should be supported but allows for local authorities to design their own scheme within the constraints of the mandatory criteria set out in the guidance.
- 7.17. The proposed criteria therefore aims to support as many businesses as possible within the government's targeted businesses framework and within funding allocations.

- 7.18. By making the process for application as simple as possible the scheme seeks to mitigate any potential negative implications for individuals with protected characteristics by improving accessibility.
- 7.19. The council does not hold data on the demographics of the owners of businesses and employees in the sectors eligible to apply for this scheme.
- 7.20. Demographic data is not available at a Haringey level for workers in the hospitality, accommodation and leisure sectors. The council is working to improve its intelligence regarding the demographics of business ownership and sector employment within the borough.
- 7.21. The Local Restrictions Grant Scheme (Open) is recommended to be eligible only to hospitality, accommodation, and leisure businesses.
- 7.22. The Additional Restrictions Grant Scheme eligibility will be open to retail, hospitality and leisure supply chain and the events sector; non ratepayer businesses required to close; in-person businesses not required to close but severely impacted. Higher awards will be made to the retail, hospitality and leisure supply chain and events sector at a higher rate in recognition that they have not previously been eligible for grant packages.
- 7.23. These sectors have experienced a significant negative economic impact due to public health restrictions. Efforts to support them can be said to promote local economic development and increase business resilience and employment in the borough. This should help to mitigate the negative economic impacts on individuals with protected characteristics in the borough.
- 7.24. An award will be made under the Additional Restrictions Grant Scheme to Wood Green BID to support activity in the area. An [EQIA](#) was produced prior to the creation of the Wood Green BID in 2017.
- 7.25. In summary, the decision is likely to lead to increased business viability in the borough which will mitigate some of the worst effects of the widened inequalities caused by the COVID-19 pandemic by providing income to businesses, and thereby act to protect employment in the borough.

## **8. Use of Appendices**

N/A

## **9. Local Government (Access to Information) Act 1985**

N/A