

Report to: **Hub Committee**

Date: **27 April 2021**

Title: **ARG Policy – Supporting Our Business Communities**

Portfolio Area: **Enterprise – Cllr Cheadle**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny Committee**

Urgent Decision: **Y** Approval and clearance obtained: **Y**

Date next steps can be taken: **Following Call In**

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Recommendations:

That the Hub Committee

1. Approves the revised approach (outlined in Section 4) to the ARG policy to support the business community, local economy and local place in response to further funding (£543,260) being made available from Central Government, subject to the existing allocation being spent by the end of June 2021.
2. Continues to delegate the administration of the ARG scheme to the Director for Place and Enterprise in consultation with the Section 151 Officer, the Leader and the Hub Committee Member for Enterprise, including the decision as to how to fund wider business support measures, once the further guidance on the ARG scheme has been clarified.

1. **Executive summary**

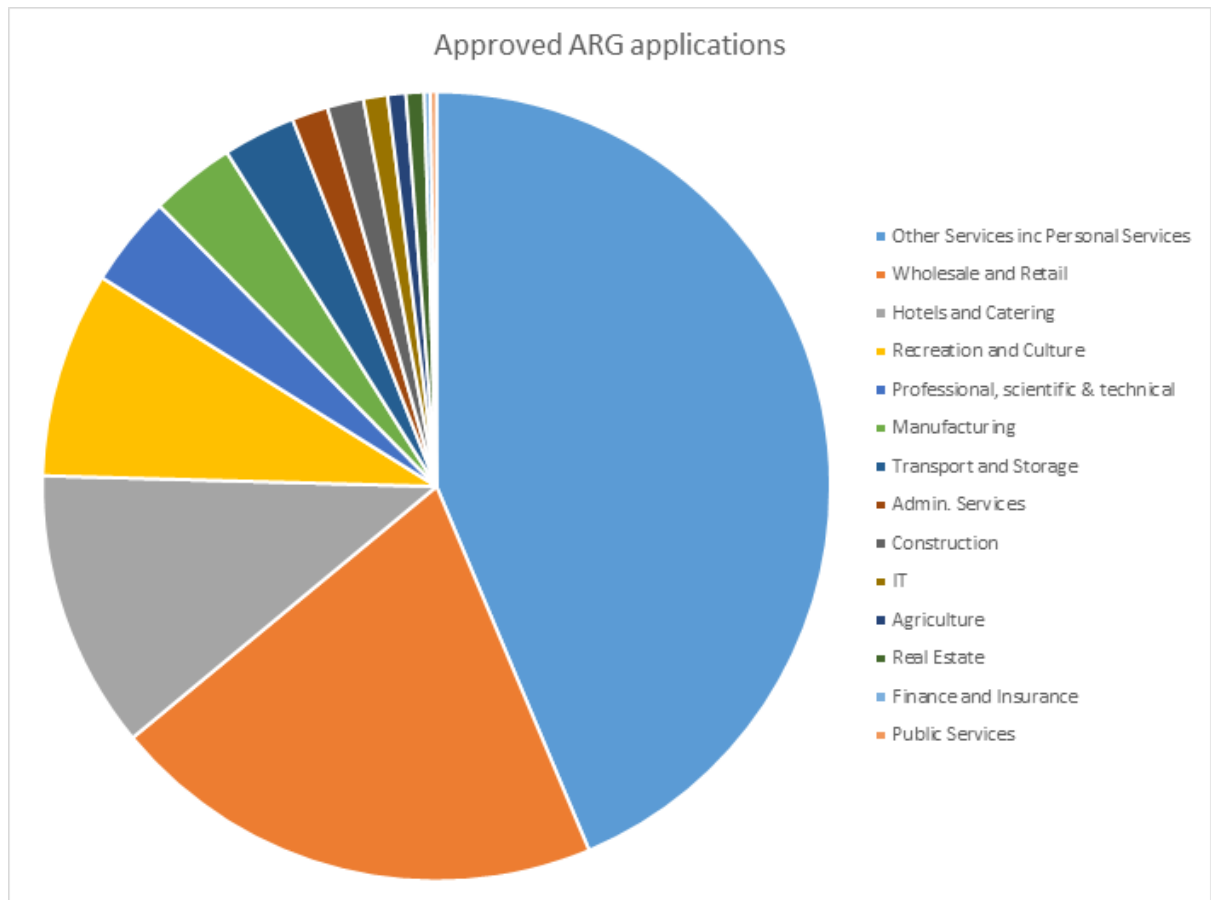
- 1.1. The Additional Support Grant (ARG) is designed to support businesses that are unable to access Local Restriction Support Grants (LRSG). The funding provided by Government had originally been intended to be a single allocation to last until March 2022. A prudent but pragmatic approach to the issuing of grants was adopted as a result.
- 1.2. **Recent Government policy changes have meant that should all the allocation of £1,611,559 be spent by the end of June 2021, an additional £543,260 allocation will be received by the Council.** To achieve this, the Council would need to make additional grant payments to eligible businesses in addition to those that it would otherwise have made.

- 1.3. This is an opportunity to respond in a positive way to a change in Government policy that would allow vital additional funding to be allocated to the business community.
- 1.4. The risk for the Council if it follows this approach, is that the wider business support proposals (£320,000), set out and approved at Council on 16 February 2021, would need to be funded from the additional £543,260 future ARG allocation.
- 1.5. The guidance from the Department of Business, Energy and Industrial Strategy (BEIS) as to what constitutes wider business support has evolved and the latest version, dated April 2021, will need to be clarified to see what if any of the proposals approved by Council in February can now be funded from the new ARG allocation. Further guidance and FAQs (Frequently Asked Questions) have been published, week commencing 19th April and conversations with BEIS will be had to add clarity within a short timeframe.
- 1.6. This approach of spending all of the current ARG funding so as to access a new allocation of ARG funding past June 2021, is being taken by all Devon Billing Authorities, as set out in 5.5.
- 1.7. The new ARG funding will support a spectrum of hospitality, tourism and leisure businesses, including breweries, distilleries, events companies and market traders. (Refer to section 4 and 2.6 of the report)

2. Background

- 2.1. The Council adopted its ARG Policy on 1 December 2020, (Hub Committee minute reference HC34) in response to guidance issued by the BEIS.
- 2.2. The ARG is the discretionary element of the business support package put in place by the Council aimed at businesses that fell outside of the LRSG Closed Addendum, LRSG Closed and LRSG Open schemes (refer to Council report, 16th February 2021, minute reference CM37 for further details on these schemes).
- 2.3. The Council received funding of £1,115,920 in December 2020 for the ARG scheme, and at that time, it was clear that it was a one off amount of money and was to last until March 2022. Accordingly, the policy then reflected the need to ensure the money could last a number of future lockdowns and a three tranche approach was adopted.
- 2.4. Uptake of the ARG was good, but not all of the first tranche was spent in the first lockdown, as demand from businesses that could evidence a “significant” impact due to the lockdown was lower than expected.
- 2.5. In February 2021, BEIS announced that a second ARG funding allocation would be issued and West Devon received a further £495,639. The total ARG funding was £1,611,559. A report to Council in February 2021, (minute reference CM37), approved changes to the ARG policy to reflect this additional payment. They were:
 - 2.5.1. An increase in the payment thresholds to businesses to provide more financial support, thereby paying the majority of the ARG funding out in direct grants to businesses
 - 2.5.2. Reduce the definition of “significantly impacted” from 50% reduction in income or turnover, to only 10% reduction, so as to increase the number of businesses that could apply.
 - 2.5.3. A small proportion of the allocation, £320,000 (20%) to go towards wider business support, in line with the BEIS guidance.

- 2.6. As a result of this approach, the following business sectors (by proportion) have been supported through ARG grants paid to date.



3. Recent Changes to the ARG Scheme

- 3.1. In April 2021, BEIS announced that a **third further funding allowance would be issued to Councils for ARG schemes**, if Councils had defrayed (the money has left the Council's bank account) their allocation by the end of June 2021, which in the case of West Devon is £1,611,559.
- 3.2. To date the Council has paid out approximately £1.078m in direct business grants and without a revision in policy would spend a further £200k up to the beginning of April issuing direct business grants and licence refunds. That would leave sufficient funding available for wider business support as committed by Council in February. With no change in policy, the Council will not therefore have defrayed all £1,611,559 and will not receive additional funding from BEIS.
- 3.3. The additional funding indicative allowance is £543,260 for the Council, more than sufficient to fund the committed wider business support proposals agreed by Council in February 2021 (£320,000), if the Council is able to defray (spend) the existing funds it holds by June 2021.

- 3.4. The guidance as to how the new allocation can be spent does restrict the wider business support measures that are acceptable, and this is discussed more in the risks section of the report.
- 3.5. This report sets out proposals to achieve the aim of supporting the businesses and local economy by accessing the additional grant allocation. They are to:
 - 3.5.1. Provide direct business grants to businesses in need through ARG payments over a greater number of months than would otherwise be achieved.
 - 3.5.2. Ensure funding is issued in a way that delivers best value for the tax payer using a needs based approach (the existing policy does this)
 - 3.5.3. Captures business sectors not able to access the Re-start Grants but offer in person services, such as distilleries, breweries and other sectors.

4. **Outcomes/outputs – The revised approach to the ARG policy**

- 4.1. So as to spend the remaining ARG funding by June 2021, the following measures are proposed.
- 4.2. Make ARG payments for the month of April, an extension of 1 month on what was previously affordable.
- 4.3. Make additional payments to the Market Trader sector of £1,000 per trader.
- 4.4. Provide one off hardship grants (£5k minimum) to breweries and distilleries who are specifically excluded from the re-start grants scheme, but have suffered significantly through the pandemic due to the impact on the hospitality sector.
- 4.5. Provide funding to businesses that have seasonal activity and therefore were previously unable to meet the criteria of having suffered a loss due to the time of year of the grant application (November). This would include, but is not limited to events companies, tour guide operators, showman etc.

5. **Options available and consideration of risk**

- 5.1. This is a clear opportunity to provide additional funding direct to businesses to boost our local economy as business restrictions ease. However so as to access the funding, there should be an understanding of the risk to the funding source for wider business support measures that have been agreed at Council in February 2021.
- 5.2. The current ARG guidance issued in 2021 by BEIS contains the following key paragraphs about wider business support:
 - 5.2.1. *Section 20 - Local Authorities can use ARG funding for business support activities. This may primarily take the form of discretionary grants, but Local Authorities could also use this funding for wider business support activities.*
 - 5.2.2. *And Section 32 - ARG funding should not be used as a wage support mechanism, for capital projects that do not provide direct business support, or to fund projects whereby Local Authorities are the recipients.*
- 5.3. Further FAQs have been issued this week which add clarity to what BEIS believe is and isn't acceptable, but the guidance is being clarified with BEIS at the time of writing. Officers will undertake to interpret the guidance and will utilise all options available to get a clear position as soon as possible.
- 5.4. To date we have discussed the position with other Devon authorities and a national specialist in the area of Business Rates. We will continue these conversations with the benefit of the FAQs.

- 5.5. All the other Devon authorities are intending to defray (spend) their existing ARG funds to access the new allocation (the third payment). Those, who like West Devon had set aside money for wider business support (Torbay, Plymouth, North Devon etc.) intend to defray (spend) their ARG funding now as direct business grants and undertake wider business support activities from the new third allocation received after June 2021.
- 5.6. Any additional ARG allocation that is received that is not spent on wider business support, will be spent on direct business grant support in line with the BEIS guidance.

6. Proposed Way Forward

- 6.1. It is recommended that the Hub Committee endorse the approach to provide more support to businesses through ARG grant payments to improve the local economy and support jobs and spend all of the existing ARG allocation of £1,611,559 by the end of June 2021.
- 6.2. In doing so, the Council will be able to access a further allocation of ARG funding (£543,260) which can then be used to both provide additional business grants and wider business support subject to the FAQs and technical clarification of the guidance issued by BEIS.

7. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The funding for ARG is provided under section 31 of the Local Government Act 2003 which empowers a Minister to pay a grant to a local authority in England towards expenditure incurred or to be incurred by it. Section 1 of the Localism Act 2011 provides the statutory basis for the administration of the scheme by the Council.
Financial implications to include reference to value for money	Y	<p>The measures proposed in Section 4 would allow access to a further allocation of funding of £543,260 (third funding allocation) for the Additional Restrictions Grant (ARG) scheme.</p> <p>The £543,260 is more than sufficient to fund the committed wider business support proposals of £320,000 agreed by Council in February 2021. In order to access this additional ARG funding of £543,260, the Council must spend all of the existing ARG funds it holds (£1,611,559) by June 2021. Section 4 sets out the recommended ARG policy to achieve this.</p> <p>It is also recommended to continue to delegate the administration of the ARG scheme to the Director for Place and Enterprise in consultation with the Section 151 Officer, the Leader and the Hub Committee Member for Enterprise, including the decision as to how to fund wider business support measures, once the further guidance on the ARG scheme has been clarified.</p>

Risk	Y	Refer to section 4.
Supporting Corporate Strategy		
Climate Change – Carbon/Biodiversity Impact	N	
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	Y	
Other implications	N	

Supporting Information

Appendices:

None

Background Papers:

Council report – ARG Policy – 16th February 2021, minute reference CM37

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes