



HARTLEPOOL BOROUGH COUNCIL

MANAGING DIRECTOR'S DECISION RECORD

Date of Decision:

Department: Resources and Development

Division: Finance

Officer Making Decision: Managing Director, in consultation with the Leader (or in his absence the Deputy Leader), Chair of the relevant Committee (or in his absence Vice Chair) and Monitoring Officer.

Subject / Description & Reason for Decision:

Following a grant award from Government, the Council introduced its discretionary ARG scheme in November. The initial scheme had three strands;

- support for non-rateable in person businesses;
- support for businesses who supply retail, hospitality, accommodation and leisure; and
- support for larger supply chain businesses

A further strand was introduced in December to mirror the governments Christmas wet-led pub support scheme for the handful of pubs that did not qualify.

The intention was to review the scheme in January in the light of experience and take up to date. Additionally, Government has increased grant funding taking the overall allocation for this scheme to £2,705,273.

Given the lower than anticipated take up of the initial scheme, an expansion of strands is proposed as summarised below (and detailed in the attached briefing note):

Strand 1 Expansion – widen the criteria to include in person businesses and sole traders mandated to close, who work out of a home address. This will address a cohort of businesses that were excluded under the terms of the initial scheme.

Eligible businesses will receive £467 per 14 day period of closure.

Strand 1a/2a – the government has introduced a specific Closed Business Lockdown Payment scheme for the period of national restrictions beginning on the 5 January 2021. This scheme will be replicated (at 50% value) for any business in receipt of strand 1 and strand 2 to reflect the additional impact on their business of the national restriction period. Eligible business will receive;

Strand 1:

£2,000 for the period of national restrictions commencing on 5 January.

Strand 2

- A rateable value of £15,000 or below a one-off payment of £2,000.
- A rateable value over £15,000 and less than £51,000 a one-off payment of £3,000.
- A rateable value of £51,000 and above a one-off payment of £4,500.

Should the government repeat its Closed Business Lockdown Payment scheme, then a further 50% payment will be made, subject to available grant.

Strand 5 – support for retail remaining open but impacted by reduced footfall. This will only apply to properties with a RV of under £51,000 and will specifically exclude evening/night-time takeaway premises and pharmacies. Take-away premises e.g. sandwich shops that operate on a day-time basis will be eligible. Eligible business will receive £2,000 for the period of national restrictions commencing on 5 January.

Should the government repeat its Closed Business Lockdown Payment scheme, then a further 50% payment will be made, subject to available grant.

Strand 6 – support for licenced hackney carriage and private hire drivers (taxi drivers) and the proprietors of licenced hackney carriages and private hire vehicles (taxis) licenced by the Council. Grant award will be a fixed sum per driver licence and vehicle licence held:

- Per Driver licence £250
- Per Vehicle licence £500 (capped at £10,000).

Strand 7 – support for childcare providers, both day nurseries and registered childminders. A fixed one-off sum will be payable as follows:

- Day Nurseries £2,000
- Registered Childcare Providers £500

Strand 8 – support for home based businesses, detrimentally impacted, but not in receipt of any other grant payment (via Local or National Government). Eligible business will receive; £1,000 for the period of national restrictions commencing on 5 January.

Should the government repeat its Closed Business Lockdown Payment scheme, then a further 50% payment will be made, subject to available grant.

Terms and Conditions will apply to all grant strands and these will be set out as part of the application process.

The potential value of the above expansion, combined with the original scheme is £2.601m. The grant allocation is £2.705m. Costings have been estimated on the basis of a further period of national restrictions and a corresponding repeat of the government's lockdown support payment. Should demand exceed that estimated, grant payments post 15 February will be scaled back accordingly.

Type of Decision:

In accordance with Article 12 – 12.3 - the decision is not defined as a Key decision for the following reason:-
The Expenditure is inevitable as a result of the Government providing a Section 31 grant ('New Burden' Funding) to help fund the impact of specific legislative commitments where there is no in year cost, or future commitment for the General Fund. Details of any Section 31 grants and the commitments which need to be funded will be reported to the Finance and Policy Committee and the relevant Policy Committee as soon as is reasonably practicable thereafter.

Nature of Delegation Being Exercised:

Constitution Reference – CE15 – urgent decisions normally reserved to a Committee. The Managing Director (or in his/her absence the Director of Resources and Development) may take a decision normally reserved to Full Council or a Committee where:

- (a) Failure to take the decision quickly would, or would be likely to, harm the interests of the Council and the public.
- (b) The decision is so urgent that it cannot wait until the next meeting of the Committee at which the decision would normally be taken

Alternative Options Considered & Rejected:

A number of options were considered to support Hartlepool Businesses. The final expansion proposals were considered to give the best overall mix to reach as many businesses and sectors as possible.

Any Declared Register of Interest

No
If Yes, specify:

(delete as appropriate)

Signatures for retained copy only

Managing Director – Denise McGuckin

Decision made in consultation with:

Leader of the Council - Cllr Shane Moore

Chair of Regeneration Services Committee – Cllr Christopher Akers-Belcher

Chief Solicitor and Monitoring Officer – Hayley Mart

*DTR. of RISONS AND DISCUSSION
C 47766*

Briefing Note: COVID-19 Business Support Grants – Additional Restrictions Grant

1.0 Background

1.1 The Council introduced its discretionary ARG grant in November. This covered an initial three strands, which were broadly consistent with those introduced by the other Tees Valley Authorities. An additional support to mirror the Winter Wet Led pub scheme was subsequently introduced.

1.2 Strand 1 - Support for In-Person Non-Rateable Businesses

Non-rate paying, in-person businesses that were required to close and have property costs e.g. occupants of a shared premises. These businesses included:

- In person services such as hairdressers, nail or beauty services who rent a space within a rateable property;
- Market stalls (at one fifth the grant level); and
- Other in person services who rent a flexible workspace within a building.

Grant allocations has been £467 per 14 day period. To date only 57 businesses have received payment under this strand. Applications continue to be received. It is reasonable to forecast that 80 businesses will ultimately receive funding under this strand.

1.3 **Strand 2 - Support for Businesses operating from a rateable property who supply Retail, Hospitality, Accommodation and Leisure and whose business are affected. Businesses envisaged to receive support were:**

- Food and grocery suppliers to retail, hospitality, accommodation and leisure businesses
- Service supply companies to retail, hospitality, accommodation and leisure businesses, for example;
 - Laundry providers;
 - Commercial window cleaners;
 - Transport companies such as taxi and coach companies; and
 - Marketing, consultancy and design companies.

Grant allocations have been be consistent with the LRSB (Open) scheme:

- RV £15,000 and under, £934 per 28 day period.
- RV over £15,000 and less than £51,000, £1,400 per 28 day period.
- RV £51,000 and over, £2,100 per 28 day period.

To date only 21 businesses have received payment under this strand. Applications continue to be received. It is reasonable to forecast that 50 businesses will ultimately receive funding under this strand.

This strand was expected to capture a number of tradespeople supporting non-domestic settings. Take up has been lower than anticipated and as such it may be that specific targeting is required to increase take-up.

- 1.4 **Strand 3** - Support for Large Impacted Business that have been detrimentally impacted by the restrictions and where there is an economic argument for additional support. Grant payments of £25,000 per two month period are provided under this scheme. To date 2 companies have received support under this strand.
- 1.4 **Strand 4** – Support for Dry Pubs or landlord companies not paying rates, but incurring other property costs. One-off grant payment of £1,000 for the December period. To date 3 pubs have received this support.
- 1.5 The existing strands have been approved to continue until 15 February i.e. the end of the current National Restrictions period. A review of the position in January was envisaged in light of payments to date.
- 1.7 Despite regular communication, take up of ARG has been lower than expected, with only £126,519 of grant being paid, and an anticipation of £646,000 by the March should restrictions continue as widely expected. This would equate to a potential call of 24% of the initial £1,873,260 allocation.
- 1.8 The government have confirmed an additional allocation of ARG of £832,013. In doing so they have re-iterated the message to get payments out as soon as possible, advising that, from the 1 February, they will begin to publish data on Local Authorities performance in distributing grants.
- 1.9 The forecast financial position on ARG is as follows:

Strand	Likely Commitment (to end February) £	Potential Commitment (to end March) £	Total £
Strand 1	186,000	112,000	298,000
Strand 2	175,000	70,000	245,000
Strand 3	50,000	50,000	100,000
Strand 4	3,000	0	3,000
Total	414,000	232,000	646,000
Grant Allocation (tranche 1&2)			2,705,273
Available Resources			2,059,273

2.0 Additional Proposals

2.1 In light of the position set out above, an expansion of the scheme is proposed. The purpose being to increase funding to businesses impacted as quickly as possible, whilst also ensuring proposals remain as administratively simple as possible:

2.2 **Strand 1 Expansion** - Support for In Person Non-Rateable Businesses operating from home

In administering Strand 1 it is clear that a lot of businesses operating from home are in person businesses and are therefore closed. Strand 1 does not currently cover such businesses, the basis being they are unlikely to have the same level of premises costs. Businesses within the scope of this expansion may include:

- Mobile hairdressers
- Nail/Beauty businesses
- Physio / Therapeutic massage
- Yoga/Fitness/Coach
- Music Tuition
- Photography businesses

The rationale for this expansion is that in practice, these businesses are likely to have some premises fixed or vehicle costs (e.g. insurance). Whilst it is possible that the government's self-employed support may cover a number of these businesses, equally the governments scheme may also be supporting businesses the Council is currently paying. As such the financial impact differential between a company based in a shared space and one operating from home may be minimal.

Existing applications, previously turned down, would be reviewed. Where the new criteria is met and company numbers are provided payment will be made for the periods of closure back to November. The on-line application would be amended for businesses yet to apply to make the new wider criteria clear. Where companies cannot provide company numbers proof of trading would be required, as the potential for fraud would be increased on this grant scheme.

Businesses likely to support:	100
Potential Cost (end February)	£250,000
Additional Cost (end March)	£140,000

2.3 **Strand 1a** – 50% Closed Business Lockdown Payment for Non-rateable Businesses.

This scheme would mirror the national scheme introduced from 5 January for closed business. However, payment would be based on 50% of funding to reflect the likelihood of lower premises costs. As such a one-off grant of £2,000 would be made to those businesses that are in receipt of a Strand 1 grant for the new national lockdown period. This would include those businesses covered by the expansion to strand 1 proposed

above. No new application will be required and so this will be administratively relatively straight forward.

Businesses likely to support:	180
Potential Cost (end February)	£360,000
Additional Cost (end March)	£360,000

Note the additional cost to the end of March would only materialise if lockdown continued and the government repeated its Closed Business Lockdown Payment scheme.

2.4 **Strand 2a** – 50% Closed Business Lockdown Payment for Supply Chain Businesses

Similar to strand 1a, this scheme would mirror the closed business lockdown payment grant. Again, payment would be based on 50% of funding to reflect the likelihood that not all supply would be impacted i.e. the business may supply other companies or retail not impacted by the current lockdown. Payment would therefore be:

- RV £15,000 and under, £2,000 one-off payment.
- RV over £15,000 and less than £51,000, £3,000 one-off payment
- RV £51,000 and over, £4,500 one-off payment

No new application will be required and so this will be administratively straight forward.

Businesses likely to support:	50
Potential Cost (end February)	£105,000
Additional Cost (end March)	£105,000

2.5 **Stand 5** – Support for retail remaining open but impacted by reduced footfall (only businesses with an RV of less than £51,000)

A number of retail businesses are continuing to trade in the current lockdown, for example food retailers, corner shops, sandwich shops. These businesses are often in shop parades where all other businesses are closed and as such are experiencing significantly reduced footfall.

The proposal would be to pay these businesses a one-off payment for the period of national lockdown, mirroring the 50% rate paid to supply businesses. No differential would be made for businesses above a £15,000 RV.

- RV £15,000 and under, £2,000 one-off payment.

This strand would exclude most hospitality premises e.g. evening/night time takeaway premises as they are unlikely to experience the same reduction in footfall and also closed food outlets (e.g. café/deli) now doing takeaway given they are in receipt of the closed grant. Day time takeaway business e.g. sandwich shops would receive this payment if they were not in receipt of a current grant payment. Pharmacies would be excluded from this scheme.

This strand would require a new application process.

Businesses likely to support:	75
Potential Cost (end February)	£150,000
Additional Cost (end March)	£150,000

2.6 **Strand 6** – Support for Taxi Drivers

Within Hartlepool we currently have 261 licenced vehicles (52 are licensed to 23 Taxis and 49 to Blueline Taxis) and 415 licensed drivers. These businesses/drivers will have fixed vehicle costs (e.g. insurance, maintenance), incurred additional PPE costs, as well as suffering a significant downturn in trade. They will also have paid vehicle licence (£335 pa on average) / driver licence (£130 pa) costs to the Council.

It is proposed to support this sector and that for any holder of a taxi driver or taxi vehicle licence, the following payment is made;

- £250 per driver licence
- £500 per vehicle licence (capped at £10,000)

Internal records will be used to administer these payments. Grants will be made by cheque to the registered driver / vehicle license holder. Electronic payment will be made where details are held. Administration will be undertaken within Trading Standards. No application process will be required.

Potential Cost (one-off)	£205,000
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2.7 **Strand 7** – Support for Early Years settings

The pandemic has caused difficulties in the childcare setting both through reduced fee income from parents, but also increased costs. The sustainability of the sector is critical for Hartlepool's recovery, especially to support those parents unable to work from home.

In recognition of the position faced by this sector a one off sustainability payment is proposed as follows:

- £2,000 one of grant to Nurseries
- £500 one-off grant to registered childcare providers

Whilst a number of childminders may be receiving income support through the governments scheme, this payment is to reflect the additional costs being incurred.

Internal records held within Children's services will be used to administer these payments. The grants will be paid to any business or Childminder registered and known to be in operation. No application process will be required.

Potential Cost (one-off) £70,000

2.8 **Strand 8** – Impacted Home Based Businesses not in receipt of any other grant payment (via Local or National Government)

The support offered to Businesses during the current pandemic has, on the whole, been broad and substantial. However, it is clear that there are a number of Businesses that are failing to receive the support they need to continue trading during these difficult times. This includes via the governments Self Employment Income Support Scheme.

This final ARG strand is designed to capture those businesses and provide a support package of £1,000 to the 15 February. Should national lockdown continue a further payment will be made. No payment would be made for any loosening and into local Tiers.

This scheme would be administered by the economic growth and development team who would consider applicants who have been confirmed not to be in receipt of grant support. Suitable evidence would be required to reduce the risk of potential fraud.

Businesses likely to support: 50
 Potential Cost (end February) £50,000
 Additional Cost (end March) £50,000

2.9 The above expansion would have the following financial impact

Scheme / Scheme element	Potential Cost to 15 Feb £	Potential Cost 15 Feb to 28 March* £	Total £
Existing Commitment (Section 1)	414,000	232,000	646,000
Strand 1 expansion	250,000	100,000	350,000
Strand 1a	360,000	360,000	720,000
Strand 2a	105,000	105,000	210,000
Strand 5	150,000	150,000	300,000
Strand 6	205,000	N/A	205,000
Strand 7	70,000	N/A	70,000
Strand 8	50,000	50,000	100,000
Total	1,604,000	997,000	2,601,000
Grant Allocation (tranche 1&2)			2,705,273
Available Resources			104,273

2.10 The potential costs for the period 15 February to 28 March are predicated on the basis of both continued restrictions and a repeat of the governments Closed Business Lockdown payment. Grant costs could be reduced if one or either of these scenarios did not materialise:

- Restrictions remain, but no Closed Business Lockdown Payment: £665,000 reduction
- Restrictions significantly relaxed: Up to £997,000 reduction

2.11 Should costs be higher and national restrictions remain, strands 1a and 2a will be scaled back to ensure the overall grant allocation is not overspent.

2.12 The balance of £104,000 will be held as a contingency sum to ensure the support package is not overspent. Should funds be remaining at the 31 March 2021, these will be carried forward as an earmarked recovery fund to support business in the town as we hopefully emerge from the pandemic.

2.13 Details of the new strands will be included on the Councils website, including the detailed discretionary scheme available as a download for business.

3.0 Tees Valley Consideration

3.1 The original scheme, strands 1 to 3, were developed in conjunction with other Tees Valley Authorities to ensure a level of consistency for businesses across the Tees Valley. Whilst all TV Authorities recognise the need to increase the pace of payment to Businesses no attempt at a consensus has been made for any expanded scheme, although initial plans have been shared.

4.0 Specific Exclusions

4.1 The following businesses are excluded from the scheme:

- Businesses already in receipt of the Local Restrictions Support Grant (open) or the Local Restrictions Support Grant (closed); and
- Businesses operating from a property outside of Hartlepool.

7.0 General Conditions

7.1 The usual rules will apply to businesses around state aid, being solvent etc. The payment will be subject to taxation.

7.2 There will be no formal appeal process, although a decision may be reconsidered should it become clear that an error has been made.

7.3 The scheme may be amended, subject to agreement, at a future date as required.

7.4 A closing date for applications of 31 March 2021 will be set for the entire ARG scheme. No grant payments would be made for period beyond the 6 weeks to the 29 March 2021.

