

Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Portfolio Report

Report of: [Mark Bradbury]

Subject: [ARG Business Support Package]

Cabinet Member: [Cllr Mary Maguire]

Executive Director: [Sarah Cary]

Ward: [ALL]

Key Decision: [KD 5278]

Purpose of Report

1. The purpose of this report is to agree Enfield Council's scheme for implementing the Additional Restrictions Grant (ARG).
2. Local Authorities have received funding to support business and provide business support activities when national or local covid restrictions have been or are imposed. This funding is known as the Additional Restrictions Grant (ARG) and can be used until the end of March 2022.
3. Local authorities are responsible for delivering grants to businesses and have discretion over the design and implementation of their local scheme. Funding has been distributed among local authorities, following the November lockdown, at the rate of £20 per head of population. Enfield has received in total £9.6 million in funding.

Proposal(s)

4. To approve delivery of the ARG scheme in a flexible and phased approach as follows: -
 - a. Phase 1 has seen grant funding to the value of £0.5 million issued as an immediate relief to eligible businesses through a direct grant that will support businesses. Applications closed on 9th April and applications are being processed.
 - b. Phase 2 will offer grant funding to the value of £6 Million which will be issued to eligible businesses through a direct grant. Phase 2 applications will open in May 2021. Any of the Phase 1 funds left over will be added to Phase 2.

5. To approve the use of up to 5% of the funding, (£480,000) for additional staffing to enable the team to efficiently and effectively deal with the administration of grants and to support local businesses.
6. To approve the allocation of funding of up to £2.725M to develop and implement wider ARG business support programmes and Town Centre business support programmes during and after national lockdown in line with the aims and vision of the economic development strategy and Council Plan.
7. To delegate authority to the Executive Director of Place in consultation with the Cabinet member for Finance and Procurement to amend as appropriate the criteria and delivery of the discretionary grant (ARG) scheme and in response to any new government guidance.

Reason for Proposal(s)

8. This proposal will contribute to securing the economic success of Enfield. Enfield has received £9.6M pounds to support local business. The proposed scheme enables financial support to businesses that would otherwise have little to no support during this current crisis. By diverting 66% of the funding to direct grants we will safeguard employment and businesses and support local jobs at a time of financial hardship
9. By utilising 28% of the funding for wider business support we will establish a legacy for the borough to encourage entrepreneurship and growth. We wish to create a framework of support to establish new thriving businesses across a range of sectors not limited to, but encourage, creative and innovative businesses and start-ups. This will also enable us to develop our economy and businesses in line with key strategies such as Cultural Strategy and Climate Change Agenda.
10. Additional staffing is required to administer up to 4,000 grants and deliver the business support schemes and neither the current Economic Development team nor the Business Rates Team are sufficiently resourced
11. Government guidance on Covid related grants is regularly updated and flexibility is needed to respond to this quickly for the benefit of local businesses.

Relevance to the Council's Corporate Plan

12. The proposals are linked to the strategic deliverables as outlined in the Enfield Council Plan 2020-2022. This centres around creating an economy that works for everyone through aiding job retention and business viability and ensuring key deliverables such as
 - create more high-quality employment
 - enhance skills and connect local people to job opportunities
 - develop town centre's that are vibrant, safe and inclusive
 - craft a cultural offer for Enfield to support London's status as a world class city

13. We recognise the importance of inspiring and encouraging young people to fulfil their potential and the wider business support proposals will help to foster and create opportunities for budding entrepreneurs
14. This is underpinned by the need to foster growth and development in Enfield and the Wider London area.

Background

15. As part of its response to the disruption caused by COVID-19, Central Government has announced various funding streams to support businesses.
16. The ARG grant scheme follows on from the Government-funded Small Business Grant Fund (SBGF) Retail, Hospitality and Leisure Grant Fund, (RHLGF) and Local Authority Discretionary Grant Fund (LADGF) that were administered by local authorities following the first national lockdown in March 2020.
17. The Government recognises that economic need will vary across the country, and so the precise design of the discretionary fund will be up to each local authority. They have however outlined guidance for the distribution of the ARG. The ARG will provide much needed support and can be provided to eligible businesses in Enfield impacted by national and localised restrictions imposed to manage the spread of Covid-19.
18. Government subsequently announced on the 22 March 2021 that a subsequent round of funding would be made available to local authorities that have spent their allotted amount by the end of June 2021. The value of this additional funding for Enfield will be in the region of £2.3M. We are awaiting government guidance on the full criteria and on how local authorities can claim this additional funding.
19. Through Phase 1, ARG Grants will be awarded according to the actual or estimated rateable value of the premises to both ratepaying and non-rated businesses.
These businesses must be in one of the following groups:
 - Group 1: Supplier to the non-essential retail, hospitality, events, and leisure sectors, paying business rates.
 - Group 2: Supplier to the non-essential retail, hospitality, events, and leisure sectors, not paying business rates, but pay commercial property rent.
 - Group 3: Businesses that were mandated to close by Government between 5 November 2020 to 2 December 2020 (e.g. non-essential retail, leisure, personal care, sports facilities and hospitality businesses), that do not pay business rates and therefore not eligible for a business grant under the Local Restrictions Support Grants (Closed), but pay commercial property rent.
20. Businesses will be required to demonstrate that they have been severely impacted by the national restrictions as part of the application process. This

will be in the form of provision of bank statements and a personal statement setting out the level of impact caused to their business.

21. To be eligible under ARG phase 2, applicants

- must be either a registered business, registered charity with a trading entity/activity; or registered as self-employed and have an Enfield address and must operate in Enfield.
- must have trading activities which have been significantly impacted by restrictions on socialising and national lockdown. This will need to be evidenced showing at least a 10% loss of income.
- must have a physical trading address in Enfield, be offering a service to Enfield residents and be operating in Enfield.

22. The grant will not be paid to

- Businesses who are eligible for the LRSG schemes
- Businesses who are eligible for the Restart Grant
- Businesses who are eligible for the new National Lockdown Grants
- Businesses who have exceeded the state aid limit
- Businesses who have received COVID 19 Arts Council Funding or National Lottery Community Response Funding
- Businesses who only have a virtual office or PO box in Enfield
- Those who are receiving HMRC self-employment support
- Businesses that are not supporting the Enfield Economy

Main Considerations for the Council

23. Local Authorities have received funding to support business and provide business support activities when national or Local Covid restrictions are imposed. The funding is known as the Additional Restrictions Grant (ARG) and can be used until the end of March 2022.

24. In line with the guidance, the ARG is to be targeted at those businesses which are legally forced to close, but are outside of the business rates system, or businesses that are severely impacted by the restrictions put in place to control the spread of Covid 19.

25. With regards to the amount of grant awarded to each business under Phase 2, the government guidance suggests that local authorities take consideration of the following:

- The level of fixed costs faced by the business in question;
- The number of employees;
- Whether the business has been able to trade online;
- The scale of the coronavirus losses
- Businesses that have not been provided with any other grant support

26. We will be following the guiding principles above. Using these principles, we will be data driven and evidence led

27. Our eligibility criteria will be to focus on the following key groups

- Small businesses that have not benefited from the Government's previous support schemes.
- Medium size business who again have not benefited from previous schemes, that employ local people and sustain local jobs that employ between 10 and 50 people
- Freelancers, home based businesses and self-employed
- Other Businesses who have not received previous support and that have been directly impacted by the ongoing national restrictions affecting a substantial part of their business, leading to **a loss of income of at least 10%**.

28. Business will need to provide evidence of the number of employees that they have, the scale of losses that they have experienced, whether they have been able to trade online, the level of fixed term costs and details of previous grants received.

29. We will encourage applications from all eligible businesses, making this eligibility criteria transparent on the application form on the Enfield Website.

30. We are intending to use a sliding scale of payments depending on the number of employees of the business. The grant awards will be between £1,000 and £2,500. These figures are in line with all local authorities and the government guidance. The grant values are as below

Number of employees	Grant value up to
0 or 1 employee (self-employed/freelancers/sole traders)	£1,000
2-9 employees (micro)	£1,600
10-49 employees (small)	£2,000
50-249 employees (medium)	£2,500

31. If we receive a lower number of applicants than expected, it is proposed that a second payment will be awarded to all successful applicants. This will be done by dividing any surplus and remaining contingency pro rata. This will ensure that businesses are supported and that the Local Authority spends its allocation putting it in the best possible position to receive future ARG funding.

32. All businesses that are trading and meet other eligibility criteria may apply to receive funding under this scheme. There is no starting date from which businesses must have been trading in order to qualify for grant funding. For

the purpose of this grant scheme, a business is seen as trading, if it is engaged in business activity. This should be interpreted as carrying on a trade or profession or buying and selling goods or services in order to generate turnover.

Wider Business Support

33. The government guidance states that Local Authorities can use ARG funding for business support activities and that all funding provided under this scheme should provide direct support to businesses.

34. In line with the Government Guidance, Enfield Council is proposing to ring-fence a proportion of the total ARG to be used for wider business support. The amount proposed for wider business support within Enfield is £2.725M, which equates to 28% of the total ARG funding. The justification for this is a wish to create a legacy for this funding, to underpin and support businesses now and in the future, foster growth and encourage entrepreneurship.

35. The allocation for these business support schemes will be designed to aid the Enfield economic recovery to yield new businesses and employment and create local jobs and growth. Work has been undertaken with the Economic Development team together with colleagues. A set of mission principles that have been designed that have been used to evaluate potential ideas and schemes. These include maximising local economic benefit, revitalising town centres, supporting local jobs and encourage entrepreneurship, supporting Cultural initiatives, bringing Social value and supporting young people. These are themes that are integral and underpin the Economic Development Strategy and The Council Plan

36. Detailed ideas have been formed around schemes that this funding may facilitate. These include 4 Key schemes linked to Town Centre business Support schemes

- Support for African Businesses
- Outdoor Trading Programme
- Town Centre Cultural programme
- Shopfronts

37. Detailed ideas have been formed around schemes that this funding can facilitate. These include 3 key schemes linked to key Business Support Schemes to encourage and grow businesses

- Business Support Programmes for start-ups
- Business Support programme for scales up
- Business Support for Creatives

38. Further details on these proposals will be informed by the response to the rollout of the direct funding element of the ARG scheme in Phase 2. The approach will also be informed by consultation with local businesses through surveys and focus groups, to further understand need and how we can create a legacy that will underpin the local economy and foster accelerated growth across Enfield.

Staffing

39. In order to successfully process Phase 2 of the ARG we also propose allocating a small amount of the funding to support 1 year fixed term posts across the Economic Development Team. Currently the team relies on redeployees across the council who are now returning to their permanent positions as the lockdown eases. We require a dedicated and trained team to deliver this scheme in a timely and efficient manner. The current team does not have the capacity to administer the grants and proposes that up to 5% be used to create a series of positions that include Fixed Term funded posts between 3 months and up to 1 year. Initially this would be

- 4 x Grant Administrators
- 1 x 0.5 Communications Resources
- 2 x Economic Development Officer
- Admin and Project Support Officer

40. The level of staffing required will be dependent on demand for the scheme and further government announcements on any additional grant schemes.

41. The staffing has been directly informed by workforce modelling on the resources needed to both administer the grant scheme and to actively lead the town Centre and Business support schemes. This includes looking at time required per application to process and undertake all necessary compliance and fraud checks.

Administration, Assessment and Payment of Grants

42. The following procedures will apply to all phases of ARG. There will be an application process and a comprehensive set of criteria published so businesses will be clear on the criteria used and the evidence that is needed to make a successful claim. There will be an applications window with a fixed closing date and applications will be reviewed for eligibility throughout the process

43. We will have flexibility in the scheme to be able to issue top up payments to businesses that are eligible in Phase 2 if the scheme is undersubscribed.

44. Applications will be assessed throughout the application window and businesses will be notified of the success of their application by email once applications have been processed. Successful applicants will be paid the grant by bank transfer into the bank account they have provided. A form has been created to collect all the information required to make the payments in a secure and time effective manner. We aim to decide on every application within a timely manner.

45. There will be no right of appeal against a decision not to award a payment. Applicants who are turned down will not be eligible because they do not meet the criteria.

46. The scheme will close at the point when the fund is fully utilised

47. In undertaking the ARG scheme we will ensure that, as stated by government, all necessary guidance checks relating to assurance and any potential fraud are undertaken. We will ensure that the risks are minimised by undertaking necessary checks and are in close liaison with Fraud and compliance colleagues at all stages of design and implementation. Applicants will be required to make a declaration that the data entered is true and correct and that their evidence is genuine before submitting their claim. Payments will only be paid when all eligibility criteria have been suitably evidenced. If fraud is suspected payments will be withheld.
48. We will be carrying out pre-grant fraud and payment checks and will make use of the digital due diligence tool Spotlight to support the administration and checking of applications. Spotlight complements existing pre-award due-diligence checks and highlights areas of risk to inform grant-making decisions, through fundamental (basic) due diligence checks. Spotlight can quickly and easily flag where organisations have recently become inactive to support authorities review the ongoing viability of recipients prior to making awards.
49. Via the National Fraud Initiative (NFI) we will be utilising 2 products that will allow us to verify bank accounts and provide insight on whether companies are trading. These products can be used for both pre- and post-payment checks.

Safeguarding Implications

50. There are no Safeguarding implications for this report

Public Health Implications

51. The distribution of the ARG will help support businesses through pandemic restrictions until such as lockdown restrictions end. This in turn will help to protect people's livelihoods, employment, economic and social wellbeing.

Equalities Impact of the Proposal

52. The ARG will be open to all businesses and all sectors across the borough. A number of the business Support Schemes will be tailored to underrepresented groups in business offering mentoring and training. Business Support Schemes will evidence how they add social value to the borough.

Environmental and Climate Change Considerations

53. The criteria for the Business Support Scheme and Town Centre Business Support schemes could include climate action and reducing carbon emissions, for example by supporting businesses in the green economy and retrofit sectors. This will be considered as these programmes are developed.

Risks that may arise if the proposed decision and related work is not taken

54. Not to approve the policy and implement the ARG. This is not recommended as the opportunity would be missed to support businesses impacted by national restrictions in place and any subsequent local or national restrictions
55. To have no ARG scheme would mean no visible guidance of criteria used to determine eligibility and no agreed approach to administer the scheme. This would not be recommended as it could lead to a lack of transparency and cause some uncertainty for businesses. Not participating in the ARG scheme would lead to a huge reputational risk on Enfield Council and would leave the local authority open to challenge and criticism from the business community
56. This additional funding has been made available by Government as an emergency measure to support businesses mandated to close under national restrictions. Time does not permit alternative options.
57. Not participating and using this dedicated funding will mean Further risks to the business community that will lead to the loss of businesses in various sectors, consequently the loss of jobs and more people unemployed and unable to support and contribute to the local economy

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

58. Enfield Council do not accept this funding: this would not comply with the request from Government and would not give critical support to businesses operating within Enfield, and therefore this is not a recommended option.
59. Enfield Council administer grants beyond the scheme set out by Government this is not affordable for the Council, and therefore is not the recommended option.

Financial Implications

60. Funding for this scheme is allocated to the Council at a rate of £20 per capita – total £9.6m. Costs associated with administering the scheme will be covered from the grant.
61. The estimated total staffing admin cost is circa £480k (5% of the total grant funding), which will be used for staffing to enable the team to efficiently and effectively deal with the administration of grants and to support local businesses.
62. The funding is a one-off allocation to cover this current period of national lockdown and any further period of national lockdown or local restriction of Tier 5 or above in 20/21 and 21/22.
63. Therefore, there will be no financial impact on the Council but would have a significant benefit to a considerable number of businesses within the borough.

Legal Implications

64. Local Authorities are business rate billing authorities in England. They receive funding from Government and are responsible for making payments to businesses. The general principle applies that Local Authorities are responsible and accountable for the lawful use of funds under Section 151 of the Local Government Act 1972. The Section 151 Officer within the Local Authority is required to exercise their duties in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, ensuring their oversight of the proper administration of financial affairs within the Local Authority, including these ARG grants.
65. Officers must familiarise themselves with the BEIS Guidance for Local Authorities on the operation and delivery of the ARG scheme (last updated 22 March 2021). All Local Authorities are required to follow this Guidance and conduct activity to provide assurance that the grants have been paid out in line with the eligibility and subsidy allowance conditions for this scheme. The Guidance covers areas such as eligibility for the funding, minimum requirements for the application process, managing the risk of fraud and payments in error (the pre-payment check requirements are stricter than the position under previous COVID-19 business support grant schemes), monitoring and reporting requirements, and applicable allowances under the Subsidy Control regime.
66. Local Authorities must be satisfied that all subsidy allowance conditions have been fully complied with when making the grant payments. There are three subsidy allowances for this scheme:
- Small Amounts of Financial Assistance Allowance (325,000 Special Drawing Rights, to a single economic actor over any period of three fiscal years, which is the equivalent of £335,000 as at 2 March 2021);
 - The COVID-19 Business Grant Allowance (subsidies granted on a temporary basis to respond to a national or global economic emergency- £1,600,000 per single economic actor);
 - The COVID-19 Business Grant Special Allowance (where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding of up to £9,000,000 per single economic actor, provided certain conditions are met).
67. Local Authorities must also ensure wider compliance with the Subsidy Control regime, in particular the Transparency obligations: All schemes and individual awards over £500,000 must be uploaded to the BEIS Transparency Database within six months of being granted. Any ad hoc awards of at least 325,000 Special Drawing Rights over three years to an individual beneficiary must also be uploaded within six months of being granted.
68. Funds that have not been distributed by Local Authorities by 31 March 2022 will be subject to recovery.

Workforce Implications

69. As outlined above we will be looking to create a series of Fixed term posts to support the work and administration of this scheme. An additional restructure report will be required to formally create any new posts. The posts will be recruited to in accordance with the Council's recruitment policies and principles

Property Implications

70. Whilst the ARG grant scheme has no direct property implications for the Council, the scheme will have benefits to a number of businesses within the borough who are Council tenants. As such, it will help support these businesses through ameliorating the burden of business overheads, of which rent payable to the Council is one.

Other Implications

71. None

Options Considered

72. Not to spend the ARG allocation but this is much needed support for the business community

73. To spend all of the money on direct business grants rather than creating a legacy and developing businesses through a series of business support and town centre business support schemes.

Conclusions

74. The ARG grant scheme gives the Council the opportunity to use its discretion to assist a range of local businesses that contribute to the Borough's local economy.

75. The council will be provided with funds from Government to cover the scheme(s). There is no net cost to the Council to introduce the scheme.

76. These proposals will directly benefit a substantial number of businesses in the borough in challenging times

Report Author: [Sam Buckley]
[Head of Knowledge and Insights]
[Sam Buckley@enfield.gov.uk]
[02081321357]

Date of report: 15/04/2021

Appendices

None

Background Papers

None