



Report for: Cabinet

Date of Meeting:	17 December 2020
Subject:	Grant Support to Local Businesses - Additional Restrictions Grant
Key Decision:	Yes - it affects more than one ward and capital expenditure > £1,000,000.
Responsible Officer:	Paul Walker, Corporate Director Communities.
Portfolio Holder:	Cllr Graham Henson - Leader of the Council and Portfolio Holder for Holder for Strategy, Partnerships, Devolution and Customer Services; Cllr Keith Ferry – Deputy Leader and Portfolio Holder Planning, Regeneration and Employment; Cllr Adam Swersky - Portfolio Holder Finance and Resources.
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	Appendix 1 – Equalities Impact Assessment

Section 1 – Summary and Recommendations

This report sets out the principles to allocate funds from the discretionary Additional Restrictions Grant (ARG) awarded by Department of Business Energy and Industrial Strategy (BEIS) to support businesses in Harrow.

Recommendations:

Cabinet is requested to:

- Agree to allocate the ARG in accordance with the Principles the frequency of payments to be made recommended in this report.
- To delegate authority to Corporate Director of Community to allocate funds in accordance with those principles, following consultation with the Leader of the Council, Portfolio Holder for Finance and Resources, and Portfolio Holder for Planning, Regeneration and Employment. The Corporate Director will then delegate operational authority to the Head of Revenue and Benefits and the Head of Enterprise to implement.

Reason:

To ensure public funding is allocated in accordance with BEIS Guidance, and in accordance with recommended principles to deliver the greatest positive impact on Harrow's businesses that have been adversely impacted by the Covid 19 pandemic.

Section 2 – Report

The Coronavirus pandemic and the necessary measures taken to decrease the rate of infection have restricted trading for businesses identified as non-essential. This report sets out principles to allocate the ARG to mitigate the impact of Coronavirus on businesses trading in Harrow. In doing so it aims to support businesses, safeguard jobs, provide the platform for economic recovery and support the Council's vision of a Thriving Economy.

Options considered

The following Principles (Options) for consideration are

1. Allocate the entire grant to business rate payers regardless of the size of those businesses.
2. Allocate the entire grant in one lump sum to businesses.
3. Allocate a percentage of the grant to businesses over the 2020/21 and 2021/22 financial years.
4. Allocate funding to businesses in non-essential retail and hospitality sectors, hotel, bed & breakfast, Cultural. Sports and leisure categories the sectors most affected by the pandemic, including suppliers to those businesses
5. Allocate grant payments to businesses with a rateable value below £51,000

6. Allocate a percentage of the grant to businesses that do not pay business rates but have fixed business costs and have been impacted by the pandemic.
7. Allocate 5% funding to business support programmes that will provide businesses with the skills to survive and grow and platform to trade online.
8. Allocate 2% funding to town centre improvements that will increase businesses opportunities to trade and sell their goods and services.

The Principles (Options) outlined in this report follow the principles of the guidance issued by Secretary of State for Business, Energy and Industrial Strategy (BEIS) to Local Authorities issued in November 2020. It is part of the support announced by Government so the local authority can support businesses in its local economy by providing additional grants to local businesses under the Additional Restrictions Grant.

The policy compliments the LSRG Open and LSRG Closed policies that relate to the restrictions imposed on trading between 17/10/2020 to 2/12/2020.

The ARG Principles includes wider provision to support business growth and wider economic recovery. The principles agreed will support both businesses that pay business rates as well as those that do not. The report does not include options that BEIS Guidance excludes.

This report recommends the following Principles are adopted

3. Allocate a percentage of the grant to businesses over the 2020/21 and 2021/22 financial years.
4. Allocate funding to businesses in non-essential retail and hospitality sectors, hotel, bed & breakfast, cultural, sports and leisure categories the sectors most affected by the pandemic, including suppliers to those businesses
5. Allocate grant payments to businesses with a rateable value below £51,000
6. Allocate a percentage of the grant to businesses that do not pay business rates but have fixed business costs and have been impacted by the pandemic.
7. Allocate 5% funding to business support programmes that will provide businesses with the skills to survive and grow and platform to trade online. (Indirect support).
8. Allocate 2% funding to town centre improvements that will increase businesses opportunities to trade and sell their goods and services. (Indirect support).

These options are recommended for the following reasons.

Allocate a percentage of the grant to businesses over the 2020/21 and 2021/22 financial years.

BEIS has awarded ARG over two financial years. The situation since March 2020 has been constantly shifting. Retaining the flexibility to allocate funds over two financial years, provides the council with the ability to respond to need, rather than spending all of the funds in the 2020/21 financial year. For

example, if Retail Rate Relief is not continued in 2021/22 council could provide a grant to cushion the impact of having to pay business rates in 2021/22. If the Relief is continued then the money can be carried over into 2021/22. This would then enable a strategic review of need and allocation of the ARG in accordance with the Principle 4, 5 and 6.

Principles (Options) 4, 5 and 6

Allocate funding to businesses in non-essential retail and hospitality sectors, hotel, bed & breakfast, cultural, sports and leisure categories, and to suppliers of businesses in these sectors. Specifically fund businesses and their suppliers with a rateable value below £51,000, and 5% of the ARG to support businesses that do not pay business rates, but have fixed business costs and have been impacted by the pandemic.

Harrow Town centre, its nine district centres, and local shopping parades are vital commercial centres. They provide employment and serve as community hubs for our residents. In the first lockdown approximately 60% of businesses in the town centre and district centres were not able to trade. The restrictions affected both those businesses and their supply chains.

Harrow's sports, leisure and cultural activities are also key sectors providing approximately 3,000 jobs and providing important services to support the physical and mental health and wellbeing of our residents.

Harrow has 14,935 micro-businesses and these provide more jobs than large employers and small and medium sized enterprises (SMEs). These businesses by their nature will occupy businesses with a smaller rateable value. The benefit of a business grant to a sole trader, micro business or small business will have a greater impact on their survival than a grant awarded to large national chain operating in Harrow; insofar as the grant will have a greater percentage value to businesses with substantially smaller turnovers than large national chains.

This option recognises the importance these businesses make to the local economy. As such it prioritises grants to businesses trading in Harrow mandated to close or had trading restrictions in retail, hospitality, hotel, bed & breakfast, sports, leisure and cultural sectors.

Supporting businesses in these sectors will in turn support the recovery of Harrow Metropolitan Town Centre, Wealdstone, South Harrow, North Harrow, Rayners Lane, Stanmore, Edgware, Pinner, Kenton, Kingsbury, Belmont and Queensbury together with our local shopping parades.

Adopting this principle will also support home-based businesses that are either directly working in the above sectors, for example hairdressers or beauticians, or home based businesses that act as suppliers to businesses in the sector.

Allocate 5% funding to business support programmes that will provide businesses with the skills to survive and grow and a platform to trade online

The ARG enables local authorities to allocate funds to promote business survival and growth.

The Council's Economic Development team has used external funding from the Strategic Investment Pot to provide support to Harrow businesses in the 2020/21 financial year; this money ends on 31st March 2021. However the need for business advice and training will not end on the 31st March 2021.

The impact of the pandemic has generated a number of support needs for businesses; these include cash flow and financial management, property issues, supply chain and logistical issues, and the need to transform business modes from operating from a fixed property to trading online. The latter will include click and collect services. The transition to supporting businesses to trade online would be supported by the establishment of a Harrow virtual mall, or equivalent platform.

In addition to the needs of existing businesses, there has been a growth in demand for support business start ups. This is not surprising as recessions are characterised by people becoming unemployed and moving towards setting up their own businesses.

Adopting this Principle (option) is recommended because it will provide businesses and start ups with the necessary advice and training to support their survival and growth.

Allocate 2% funding to town centre improvements that will increase businesses opportunities to trade and sell their goods and services

This Principle (option) is recommended because it would allow outdoor trading in suitable locations. Subject to an option appraisal, initiatives could include the provision of pop up pillars providing access to electricity for outdoor heating or cooking. Or the provision of marquee or covered stalls to support outdoor trading.

The following Principles (Options) are rejected because they are in conflict with the recommended principles.

Allocating the entire grant to business rate payers regardless of the size of those businesses and allocating the entire grant in one lump sum to businesses

The above clearly set out the principles to spend the ARG. It should be noted that allocations must be in accordance with the following clauses in the [Additional Restrictions Grant Guidance to Local Authorities November 2020.](#)

29 "For the avoidance of doubt, businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme"

32. "Businesses must have been trading on the first full day of national or LCAL 3 restrictions to be eligible to receive a grant support."

Performance Issues

The ARG Guidance clearly sets out the monitoring framework local authorities must adhere to. The Guidance details the frequency of reports and the content. In addition, the following performance information will be collected and reported to the Leader of the Council and Portfolio Holders identified in this report.

Performance can be monitored as follows

- Number of grants awarded
- Total sum of money awarded
- Business support programmes; number of businesses supported, number of businesses developing an online presence, number of businesses surviving at the 6 month and 12-month stage, number of businesses recording growth (jobs created and or increase in turnover).
- Number of town centre improvements (type to be defined by options appraisal)

Environmental Implications

Protecting local businesses and local jobs, reduces journey to work times and the carbon consumed where cars are used.

Risk Management Implications

Risk included on Directorate risk register? No
Separate risk register in place? No

The ARG sets out the support offered to minimise fraud and mitigate risk. This includes the use of Spotlight to support due diligence checks on businesses. However, to further mitigate error cases are also checked using information from Companies House and payments are only made to corresponding trade bank accounts.

Time is also allocated in the 20/21 Internal Audit plan to undertake an assurance review of these payments

The policy focusses on sectors that have been most affected by the trading restrictions imposed by the pandemic and focusses on smaller units. This ensures firstly that grants are not awarded to Harrow businesses not affected by the pandemic. Secondly, that money is awarded to businesses where it will have the greatest impact. The grant will have a minimal impact on national chains operating from units with a rateable value over £51,000.

Regarding indirect support, providers would be appointed by officers following the procurement process. Post procurement, stringent monitoring regarding both quality of advice/support combined with regular contract performance meetings would ensure delivery according to delivery plan and timescales.

There will therefore be governance around the payment process as well as the monitoring of contractors to deliver indirect support schemes.

Procurement Implications

The business support programme will be broken into discrete strands and procured in accordance with the Contract Procedure Rules and supported by the procurement team.

The town centre improvements will be delivered by the local authority's term contractor and to that end there are no procurement issues. The administration of the grants will be delivered in house and there are no procurement issues.

Legal Implications

The council must comply with any terms and conditions that apply to the ARG award and the associated BEIS Guidance.

So far as relevant, and procurement must comply with the Council's Contract Procedure Rules and Financial Regulations and public procurement rules.

The Council will need to comply with state aid rules.

Financial Implications

Under the Additional Restrictions Grant, Local Authorities will receive a one-off lump sum payment amounting to £20 per head in each eligible Local Authority when LCAL 3 or widespread national restrictions are imposed. Local authorities can use this funding for business support activities and will be responsible for making payments to businesses.

The Additional Restrictions Grant for Harrow is approx. £5.023m in total. The recommended principles set out in this report will mean funding allocation as follows.

- £4.673m to businesses
- £250k for business support programmes
- £100k for town centre improvements

The distribution of the grant will be administered by Business Rates team. Business support programmes and town centre improvements will be delivered by Economic Development team.

As the funding can be used across financial years 2020/21 and 2021/22, any unspent fund as at 31st March 2021 will be carried forward into 2021/22 as part of the 2020/21 year-end closure of account.

Equalities implications / Public Sector Equality Duty

A predictive Equalities Impact Assessment has been undertaken in relation to the policy and is attached.

When making this decision, Cabinet should have due regard to the Public Sector Equality Duty. Section 149 of the Equalities Act 2010 created the Public Sector Equality Duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The EqIA (Appendix 1) shows that potential recipients of support would be small and medium sized businesses, micro-businesses and sole traders, spread across the borough. Occupiers of large properties, and other selected premises, will not directly benefit from the proposed schemes.

The business advice support programme will include a Business Diagnostic which will identify the needs of the business owner and sole trader and tailor provision to meet businesses and support needs.

Council Priorities

- 1. Improving the environment and addressing climate change**
- 2. Tackling poverty and inequality**
- 3. Building homes and infrastructure**
- 4. Addressing health and social care inequality**
- 5. Thriving economy**

Supporting the local business base and Harrow's commercial and employment centres reduces journey to shop and work distances, helping to address climate change. Providing grant and business support to businesses to help them survive and grow necessarily supports a Thriving Economy. This in turn helps to safeguard jobs mitigating the impact the pandemic has had in increasing poverty and inequality. There is a strong relationship between physical and mental well being and employment. The consequence of the deployment of resources to support businesses and safeguard jobs will be to help safeguard the health have and wellbeing of those supported.

Section 3 - Statutory Officer Clearance

Statutory Officer: Jessie Mann

Signed on behalf of the Chief Financial Officer

Date: 27 November 2020

Statutory Officer: Stephen Dorrian

Signed on behalf of the Monitoring Officer

Date: 27 November 2020

Statutory Officer: Nimesh Mehta

Signed by the Head of Procurement

Date: 27 November 2020

Statutory Officer: Paul Walker

Signed by the Corporate Director

Date: 2 December 2020

Statutory Officer: Susan Dixon

Signed by the Head of Internal Audit

Susan Dixon

Date: 4 December 2020

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqlA carried out: YES

EqlA cleared by: Dave Corby

Section 4 - Contact Details and Background Papers

Contact: Mark Billington, Head of Economic Development,
mark.billington@harrow.gov.uk

Background Papers: [Additional Restrictions Grant Guidance to Local Authorities November 2020](#)

Call-in waived by the Chair of Overview and Scrutiny Committee? - NO