

Decision Maker: EXECUTIVE

**For pre-decision scrutiny at the Renewal, Recreation and Housing Policy Development and Scrutiny Committee
8 SEPTEMBER 2021**

Date: 22 SEPTEMBER 2021

Decision Type: Non-Urgent Executive Key

Title: ADDITIONAL RESTRICTIONS GRANT (ARG) TOP UP FUNDING

Contact Officer: Lydia Lee, Assistant Director Culture and Regeneration
Tel: 020 8313 4456 E-mail: Lydia.Lee@bromley.gov.uk

Chief Officer: Sara Bowrey, Director of Housing, Planning, and Regeneration

Ward: (All Wards);

1. Reason for report

The London Borough of Bromley has now distributed all the Additional Restrictions Grant (ARG) funding received from Central Government to support businesses in Bromley during the Covid-19 pandemic. As a consequence of distributing these monies in advance of the 30th July 2021 the Council has received an ARG top up of £2.611m to further support businesses. This report sets out recommendations for the spend of the top up funding.

2. **RECOMMENDATION(S)**

The RRH PDS:

2.1 Note the contents of the report and make any comments available to the Executive

That the Executive approve:

2.2 The distribution of £2.611m grants to businesses and business support across the borough across the five grant programmes detailed in this report: Existing start-up businesses, new start-up businesses, business expansion, business growth and cultural programming.

- 2.3 Delegated authority to the Director of Housing, Planning and Regeneration in consultation with the Portfolio Holder for Renewal and Recreation to determine grant criteria and application processes as required, in line with the Department for Business, Energy, and Industrial Strategy (BEIS) guidance.**
- 2.4 Delegated authority to the Director of Housing, Planning and Regeneration in consultation with the Portfolio Holder for Renewal and Recreation to move funding between the five grant programmes to best respond to demand and to ensure the full £2.611m is distributed.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The ARG top up funding will provide further support to businesses that have been impacted by the Covid-19 pandemic, supporting livelihoods, including of the most vulnerable.
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Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Excellent Council Vibrant, Thriving Town Centres
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Financial

1. Cost of proposal: £2.611m (grant funded)
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: Town Centre Management – Business Support
 4. Total current budget for this head: £79k
 5. Source of funding: Government grant – Additional Restrictions Grant
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Personnel

1. Number of staff (current and additional): 3
 2. If from existing staff resources, number of staff hours: Estimate 1500 hours
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): It is estimated that 150 businesses across the borough will benefit from the top up funding in addition to businesses that will now receive payment after applying to the original ARG fund.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1. The Council has now distributed all the Additional Restrictions Grant (ARG) funding it received from Central Government to support local businesses during the Covid-19 pandemic. As a consequence of distributing these monies in advance of the 30th July 2021 the Council is anticipating further ARG funding in 2021/22 in the form of a top up of £2.611m to distribute to businesses across the borough.
- 3.2. Appendix 1 provides a summary of how the previous ARG monies were distributed. This summary shows that £9.599m has been distributed from the grant funding received for this specific purpose. More than 3,400 payments have been made to businesses to date.
- 3.3. These funds were over-subscribed. The Council received eligible Hardship Fund and Home Based scheme applications which were submitted by the deadline set but exceeded the funding pot available at that time. It is estimated that these applications will total around £420k. These funding applications will be paid from the ARG top up funds. Additionally top up funds of £40k have been used to cover the costs of the Start Up Bromley Business Lounge at Biggin Hill which was previously committed to, and £10k in relation to the Cultural Recovery Fund. The decision to allocate the top up ARG monies to these funding strands was taken by the Portfolio Holder for Renewal and Recreation and the Director of Housing, Planning and Regeneration using their discretionary authority as previously agreed by the Executive.
- 3.4. Therefore of the £2.611m grant top-up expected, there will be approximately £2.141m remaining to be distributed from the top up funds.
- 3.5. The ARG funding scheme aims to support trading businesses severely impacted by Covid-19 restrictions. As with the original ARG fund, the ARG top up is intended to take the form of discretionary grants to businesses but can also be used to fund wider business support activities. Each local authority establishes their own criteria for grant distribution to respond to the needs in their community, in line with the guidance.
- 3.6. ARG funding cannot be awarded to businesses that have already received the maximum levels of permitted subsidy, used as a wage support mechanism or for capital projects that do not provide direct business support, or received by the local authority.
- 3.7. To date the distribution of ARG monies has in the main focussed on keeping businesses afloat. With some smaller grant streams, such as the innovation grant, being more forward looking. The preference is to focus this last round of ARG funds on business growth inhibited by Covid-19.
- 3.8. Following discussion with the Business Improvement Districts and feedback from the Bromley Economic Partnership it is recommended that the £2.141m balance of the ARG top up is targeted as follows:
 - **Existing start-up businesses** that emerged in 2020/21 and have been impacted by Covid-19, that were ineligible for previous ARG grant funding, due to eligibility rules around trading dates.
 - **New start-up businesses** that have been inhibited by the pandemic, through a diverse and hands-on package of support provided by the Start Up Bromley business lounges.

- **Business expansion** that has been inhibited by Covid-19, including encouraging successful businesses operating outside or within the borough to expand and 'set up in Bromley' through taking a vacant unit in the borough.
- **Business growth** that has been inhibited by the pandemic, encouraging existing businesses to make improvements that enable growth, for example external seating.
- Cultural organisations from within the borough bringing **cultural programming** to our high streets, to reactivate our public spaces and increase footfall that has been impacted by Covid-19.

- 3.9. **Existing start-up businesses:** The Council and its business partners are conscious that some businesses have slipped through the net over the past 18 months because they didn't meet initial ARG eligibility criteria as a result of not having been trading prior to the 4th November 2020. This criteria was removed from the ARG guidance during the previous funding round, however the take up from recent start-ups was low and there is a concern that it was not marketed widely enough due to it being a late BEIS change. Therefore this top up fund is an opportunity to continue to support these small businesses and assist them in remaining viable as they emerge from the impact of the pandemic. It is recommended that £100k is nominally allocated to this fund and that the grants awarded are up to £10k. Applications to this fund would follow the same process and evidence requirements as the original Hardship Grant fund.
- 3.10. **New start-up businesses:** The previous ARG monies were used to set up business lounges in Bromley, Orpington and Biggin Hill. Business support programme funding will allow them to provide bespoke support to start-up businesses that will include mentorship, expert advice in areas such as marketing, and business support services such as web design. It is recommended that £96k is allocated to this scheme, through a change control notice to GLL's existing contract and additional KPIs.
- 3.11. **Business expansion:** The ARG top up is an opportunity to address vacant units on our high streets that have increased as a result of the impact of Covid-19 through funding new business, business expansion and growth (eg. from the kitchen table to the high street). A 'set up in Bromley' fund would encourage new business and growth in Bromley by providing a grant to cover initial business set up costs. It is recommended that £1.45m is nominally allocated to this fund and that the grants awarded are between £25k and £50k. A new application process would be set up to administer these grants in line with the BEIS criteria and ARG requirements. The applications will be assessed by the Economic Development team, and approved by the Assistant Director, Culture and Regeneration.
- 3.12. **Business growth:** As well as expansion into vacant units these top up funds are an opportunity to support businesses who haven't been able to undertake improvements to their service to enable growth. It is recommended that £245k is nominally allocated to this fund and that the grants awarded are between £5k and £25k. A new application process would be set up to administer these grants in line with the BEIS criteria and ARG requirements. The applications will be assessed by the Economic Development team, and approved by the Assistant Director, Culture and Regeneration.
- 3.13. **Cultural programming:** The experience economy is considered key to reactivating our High Streets and increasing footfall, with cultural programming supporting our businesses through increased visitor numbers and establishing our town centres as destinations. Additionally cultural organisations and self-employed performers in the borough have been severely

impacted by Covid and bringing their offer in to our town centres will help them reach new audiences and promote their venues and societies. It is recommended that £250k is nominally allocated to this fund and that the grants awarded are between £2k and £20k. A new application process would be set up to administer these grants in line with the BEIS criteria and ARG requirements. The applications will be assessed by the Economic Development team, and approved by the Assistant Director, Culture and Regeneration. The larger grants will be prioritised for cultural organisations working in partnership.

- 3.14. Whilst nominal funding allocations have been made to the four grant streams detailed above, as with the previous ARG funding it is recommended that the Portfolio Holder for Renewal and Recreation, in agreement with the Director of Housing, Planning and Regeneration, can use their discretion to move monies between the grant schemes. This will ensure that the full £2.611m is distributed to businesses and that the Council can respond in an agile manner to demand. Whilst the ARG monies are required to last the Council until March 2022 and respond to any further local lockdowns, they also have to be spent by March 2022 or otherwise be repaid to the BEIS. This is a very short amount of time to successfully administer these grant schemes, therefore we are not recommending that any monies are held back.
- 3.15. All four grant streams will have an application process which is a requirement of the ARG funding. All applications will be assessed to ensure that applicants meet the BEIS ARG eligibility criteria. Fraud checks will continue to be undertaken diligently.
- 3.16. The ARG top up funding has to be fully distributed by 31st March 2022. Any leftover funds will be recovered by central government. Payments after this date will not be allowed in any circumstance.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 Business support offered through this scheme will have a direct impact on protecting jobs in the borough. Job losses damage the economic wellbeing of the borough and have the most severe impact on vulnerable families.

5. POLICY IMPLICATIONS

- 5.1 The funding streams set out in this report support the delivery of the Council's objective of Vibrant Thriving Town Centres and Regeneration under the Council's Building a Better Bromley document. A vibrant local economy is necessary to support these objectives and will directly benefit from this scheme.

6. FINANCIAL IMPLICATIONS

- 6.1 The Council received a total of £9.599m in Additional Restrictions Grant in 2020/21 from Central Government, through the Department for Business, Energy and Industrial Strategy, to support businesses in the Borough during the Covid-19 pandemic. This has all now been distributed in accordance with the schemes previously agreed by the Executive.
- 6.2 A further grant top up of £2.611m is expected to be received by the Council for further business support schemes to be distributed by 31st March 2022.
- 6.3 Further New Burdens funding is expected to be received from the Government to meet at least some of the Council's costs of administrating these additional payments in 2021/22, but the allocations have yet to be confirmed.

7. PERSONNEL IMPLICATIONS

- 7.1 The business grants continue to be managed by the Culture and Regeneration division and have required officers to respond to the significant additional work the development and distribution of these grant programmes has created.
- 7.2 These costs have been reported to central government within the Council's New Burden responses.

8. LEGAL IMPLICATIONS

- 8.1 The main legal issue relating to this grant is to ensure the Council's compliance with the guidance for local authorities relating to the Additional Restrictions Grant as issued by the Department for Business, Energy and Industrial Strategy. This report demonstrates awareness of the Council's obligations to comply with that guidance.
- 8.2 Officers may wish to consider whether they require any further grant terms and conditions to impose on sub grant recipients to whom the Council makes any payment under the Additional Restrictions Grant. If they require this, they may contact Legal Services.

Non-Applicable Sections:	Policy implications; Procurement implications;
Background Documents: (Access via Contact Officer)	HPR 2021/021 HPR 2021/055 HPR 2021/001 HPR 2021/015