

**Report of Chief Officer Economic Development**

**Report to Director of City Development**

**Date: 19 November 2020**

**Subject: COVID-19 Local Restrictions Support Grant and Additional Restrictions Grant Schemes including Discretionary Grant Funds**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- Between 31 October and 5 November, in response to the introduction of COVID-19 local and national restrictions, the Government made a number of announcements about interventions to address the associated economic impacts. This included additional funding to local authorities to provide business grants and business support locally. The schemes announced were the:
  - a. Local Restrictions Support Grant (Open) – LRSG (Open)
  - b. Local Restrictions Support Grant (Closed) – LRSG (Closed)
  - c. Additional Restrictions Grant - ARG
  - d. Local Restrictions Support (Sector) – LRSG (Sector)

The schemes, including the associated financial allocations are summarised below:

Fund	Leeds Allocation £	Target Businesses based on government guidance
LRSG (Closed)	12,993,462 (for the period 5 November to 2 December)	LRSG (Closed) – businesses providing in-person services to customers from their premises

	Must be spent in FY20/21 and can only be used for this purpose.	and which were required to close on or after 9 September 2020 because of local lockdown restrictions (e.g. Non Essential Retail, Hospitality, Leisure)
LRSO (Open)	7,939,071 (for the period 25 September to 4 November)  Must be spent in FY20/21.	Businesses which are not legally required to close but are severely impacted by Tier 2 or Tier 3 restrictions (e.g. Hospitality/leisure/accommodation sectors & associated supply chains).
LRSO (Sector)	TBC for the period 1-4 November.	Businesses which have been required to close on a national basis and have not been able to re-open since 23 March 2020 (e.g. nightclubs, adult entertainment venues). These businesses are supported through LRSO (Closed) during the period of national restrictions.
ARG	15,862,780  May be spent in FY20/21 or FY 21/22.	Funding for local authorities subject to national and/or Tier 3 restrictions for business support activities for businesses which have not been required to close but are severely impacted by those restrictions.
total	36,795,313	

- Subject to the Government’s prescribed eligibility criteria, officers propose the following overarching principles be applied to the design and delivery of the business grant schemes associated with Local Restriction Support Grants and the ARG:
  - a. Businesses which were open as usual and providing in-person services to customers from their business premises, but were legally required to close on or after 9 September 2020 as a result of Local COVID Alert Level 3 (Very High) or national restrictions will be supported through either the LRSO (Closed) scheme (eligible business rate payers) or through a Discretionary Grant Fund established using ARG funding (non-business rates payers).
  - b. Businesses which have not been legally required to close and have remained open but have been severely impacted by local restrictions introduced between 25 September and 5 November and that pay business rates or have other ongoing non-domestic fixed property costs will be supported through the LRSO (Open) fund. Eligible businesses that pay rates will receive a single payment for the period. Businesses that do not pay business rates will make a single application through the Discretionary Grant

Fund. The proposed payment amounts and application process are set out below. If Leeds returns to Local COVID Alert Level 2 (High) restrictions after 5 December the position will be reviewed in relation to the Discretionary Grant Funds set out below and additional proposals brought forwards as necessary.

- c. Businesses with ongoing non-domestic fixed property costs which have been severely impacted by COVID-19 will also be supported through a Discretionary Grant Fund established using ARG funding. This will follow the principles developed as part of our previous Discretionary Grant Fund which ran from June – September 2020. Businesses supported through a) and b) above will be able to apply to this Fund.
  - d. Support should be provided for home based businesses / those run from non-domestic premises with annual property costs below £4,000 per annum severely impacted by COVID-19. A further report will be brought forward on detailed proposals to support this group of businesses which will give consideration to representations made to Leeds City Council.
  - e. Additional business support should be put in place for micro businesses focused particularly on those in retail, hospitality and leisure who have been severely impacted by the pandemic. This will be funded through the ARG.
  - f. Initiatives to help to bring footfall back to the City Centre and other key locations to underpin economic recovery should be boosted by funding from ARG.
- The LRSG (Closed) is a mandatory scheme and will be administered in line with Government Guidance and the prescribed eligibility criteria and payment profile of that scheme.
  - The LRSG (Sector) scheme is a mandatory scheme and will be administered in line with Government Guidance and the prescribed eligibility criteria and payment profile of that scheme.
  - The value of the LRSG (Open) and ARG schemes (which are discretionary) are relatively small compared to the number of requests for assistance received by the council since March. Further, the position in relation to local and national restrictions after 2 December is unknown. Officers have therefore taken this into account in scheme design to deliver a significant boost to businesses now whilst allowing for further business support to be provided before March 2021.
  - It is therefore proposed to launch two discretionary schemes week commencing 23 November:
    - a. Businesses severely impacted by local restrictions in place in Leeds between 25 September and 5 November in hospitality and accommodation that are liable for business rates will be invited to apply for a one-off grant set at a value in line with the government guidance for LRSG (Open).
    - b. Businesses will be invited to apply to our Discretionary Grant Fund (Scheme One). This scheme will be open to businesses that are liable for business rates. Through this scheme businesses that are not liable for business rates will be able to access 'booster' grants relating to the period of local restrictions in place between 25 September -4 November and the period of national restrictions in place between 5 November and 2 December as set out in the report.

- A further Discretionary Scheme will be launched to support home based businesses / those run from non-domestic premises with annual property costs below £4,000 per annum severely impacted by COVID-19 once the details are agreed.
- The proposed schemes have all been designed with due regard to both the Government's guidance and the principles of public law and are believed to be fair and reasonable in all respects. A process will operate so that any business which feels that it has not been fairly treated can appeal.

## 2. **Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- The schemes will support the Best City Ambition to have 'A Strong Economy and a Compassionate City'. Providing support to businesses to ensure that they can bounce back from COVID-19 will help protect jobs and livelihoods and ensure that our economy has a better chance of recovery.

## 3. **Resource Implications**

- Leeds City Council has been notified of the following financial allocations for each scheme:
  - a. Local Restrictions Support Grant (Open), £7,939,091 for the period that Leeds was subject to local restrictions prior to 5 November. This allocation must be spent by 31 March 2021 and can only be used to fund business grants.
  - b. Local Restrictions Support Grant (Closed), £12,993,462, for the period 5 November to 2 December inclusive. The payment received is 90% of the estimated grant funding requirement for that period. Once the threshold has been reached the Council will receive the further agreed funding and if further periods of closure occur and the Council has stabilised a list of businesses in scope, the Council will receive the full requested funding. If it subsequently transpires that the LRSG (Closed) Addendum payment is insufficient this will be topped up to ensure the correct level of funding. The funding the Council receives can only be used to provide grants to eligible businesses.
  - c. Additional Restrictions Grant, £15,862,780, for the period up to 31 March 2021. This will be paid to the West Yorkshire Combined Authority and transferred to Leeds City Council and can be used to support broader business support as well as business grants. The allocation can be used across FY2020/21 and 2021/22 Financial Years.
- Leeds City Council will be notified in due course of the financial allocation associated with the Local Restrictions Support Grant (Sector) for the period 1-4 November. The number of qualifying businesses in the city is limited so the allocation will be small. Relevant businesses will receive support through the LRSG (Closed) scheme for the period 5 November to 2 December and have been accounted for in the associated financial allocation noted above.
- If Leeds subsequently becomes subject to Local COVID Alert Level 2 (High) or Local COVID Alert Level 3 (Very High) restrictions after 2 December, the Council will continue to be provided with funding subject to an adjustment to take into

account support provided through the Local Restrictions Support Grant (Closed). In the event of renewed widespread national restrictions being imposed the Local Restrictions Support Grant (Open) and the Local Restrictions Support Grant (Sector) will cease to apply and relevant businesses will receive funding from the Local Restrictions Support Grant (Closed).

- The business rates team will administer payments to businesses that are rates payers. The team will be augmented by additional resources from other areas within revenues and the use of overtime at weekends. This will be funded from the unused new burdens funding received for the administration of the earlier business support grants.
- The Economic Development team will administer payments to businesses that do not pay rates. Resources will be re-deployed from Economic Development and from other departments in the City Development Directorate to support the administration and appraisal process. Burdens funding will be used to address any reduction in income that results from the redeployment of staff and to introduce temporary resources or make overtime payments if this is required.
- Businesses will be required to apply to all schemes, but the application process will vary depending on the nature of the scheme. The aim is to reduce the burden on both applicants and officers wherever possible whilst addressing the need to carry out necessary checks to try and avoid fraud.
- The Government has stated that it will meet associated New Burdens costs and a calculation is currently being made to reimburse Local Authorities for the costs of administering the schemes.

#### **4. Recommendations**

The Director of City Development is requested:

- a) To note the contents of this report and the advice contained within it.
- b) To approve the proposed approach to the administration of Leeds City Council COVID-19 Local Restrictions Support Grants and Additional Restrictions Grants both in relation to the initial funding and any subsequent funding and to delegate the approval to award grants under it as set out in the Director of City Development's Sub-Delegation Scheme.

## **1. Purpose of this report**

- 1.1 This report sets out the details of the proposed approach to the administration of the Leeds City Council COVID-19 Local Restrictions Support Grants and Additional Restrictions Grants. Whilst the government has issued guidelines for the implementation of the schemes, it is for the Council to determine the detail of the schemes which is set out in this report for approval.

## **2. Background information**

- 2.1 Between 31 October and 5 November, in response to the introduction of COVID-19 local and national restrictions, the government made a number of announcements about interventions to address the economic impacts of these restrictions. This included the provision of additional funding to local authorities to provide business grants and business support locally. The schemes announced were the:
- a. Local Restrictions Support Grant (Open) – LRSG (Open)
  - b. Local Restrictions Support Grant (Closed) – LRSG (Closed)
  - c. Additional Restrictions Grant - ARG
  - d. Local Restrictions Support (Sector) – LRSG (Sector)
- 2.2 The LRSG (Open) allows local authorities that were subject to Local COVID Alert Level 2 (High) and / or Local COVID Alert Level 3 (Very High) restrictions prior to 5 November to make discretionary payments to support businesses which were trading before those restrictions came into force and which have not been legally required to close and have remained open, but have been severely impacted by the restrictions. Leeds became an 'Area of Intervention' on 25 September (prior to the tiered system being introduced) and on 14 October became subject to Local COVID Alert Level 2 (High) Restrictions. Leeds City Council has therefore been allocated £7,939,071 to use to provide grants to support eligible businesses.
- 2.3 Government guidance provides that LRSG (Open) should be aimed at hospitality, hotel, bed and breakfast and leisure businesses, but the Council has discretion as to how to award funding to individual businesses. In particular, the Council can choose to prioritise businesses that are particularly important to the local economy or have suffered disproportionately under local restrictions, and provide different levels of funding to those prescribed by Government where it has good reason to do so. In addition, the Council also has discretion as to the scheduling and timing of payments to businesses.
- 2.4 The LRSG (Closed) provides grants to businesses that were open as usual and providing in-person services to customers from their business premises but were legally required to close on or after 9 September due to Local COVID Alert Level 3 (Very High) restrictions. The scheme has subsequently been extended to provide support to businesses which were trading but have been legally required to close due to national 'lockdown' restrictions imposed between 5 November and 2 December. In either case, grants of up to £3,000 per 28-day period of closure are available.
- 2.5 LRSG (Closed) is a mandatory scheme with the level of payments and eligibility prescribed by Government. Leeds City Council has been allocated £12,993,462 for LRSG (Closed) and LRSG (Sector) for the period 5 November to 2 December

inclusive. Any underspend on this allocation cannot be used for any other purpose and must be repaid to the Government. The Council's allocation was calculated using Valuation Office Agency data, based on the categories of business relevant to the closures imposed by Government. However this data is in broad categories and cannot distinguish between businesses which have been required to close and those which can remain open, nor those which were not trading prior to the imposition of the national restrictions. The funding is therefore likely to exceed the demand for grants.

- 2.6 It should be noted that LRSG (Closed) is only available to eligible business rates payers – businesses that are not directly liable for business rates will not be eligible.
- 2.7 LRSG (Sector) is for eligible businesses (e.g. nightclubs) that have been legally required to close nationally since 23 March and which have not been able to re-open in any form, and for any other business property types which may be legally required to close on a national basis in the future. Businesses will be paid grants of up to £1,500 for every period of 14 days from 1 November 2020 during which they have to remain closed. As with LRSG (Closed) this is a mandatory scheme with levels of payment and eligibility prescribed by Government. The Council has been advised that it will receive its pro-rata payment for the period from 1 November to 4 November after 2 December, but no confirmation has been received yet in relation to the financial allocation for that period. If the allocation proves insufficient for all eligible businesses, top-up funding will be provided alongside the pro-rata payment.
- 2.8 Whilst national restrictions are in force, LRSG (Open) and LRSG (Sector) cease to apply. When national restrictions come to an end, the relevant Local Restriction Support Grants will apply depending on the alert level of the area. So for example, were Leeds then to be subject to Local COVID Alert Level 2 (High) LRSG (Open) and LRSG (Sector) would apply, but if Leeds was subject to Local COVID Alert Level 3 (Very High) then LRSG (Closed) and LRSG (Sector) would apply.
- 2.9 ARG is a single allocation based on £20 per head of population (ONS 2019 Mid-Year Population Estimates) for authorities subject to national or Local COVID Alert Level 3 (Very High) restrictions to provide discretionary grants or wider business support activities. Whilst authorities are encouraged to support businesses that have been severely impacted by the restrictions but may not be eligible for support under the Local Restriction Support Grants, who to provide grants / support to and how much assistance to provide is at the discretion of the authorities concerned. For instance, support could be given to closed businesses that are not eligible rate payers or to rate payers who have fixed property costs that are significantly higher than the monthly payment levels prescribed by the government.. The allocation can also be used for other direct business support at the discretion of the local authority, for example support for businesses from Growth Hubs.
- 2.10 ARG is a one-off payment for Local Authorities in financial year 2020/2021 and can be used in 2020/2021 and 2021/2022 but will not be renewed. The Leeds City Council allocation has been confirmed as £15,862,780.
- 2.11 The value of the ARG is relatively small when compared to the business stock in the city and the number of requests for assistance received by the council since local and national restrictions were introduced. There are currently 28,575 businesses registered for VAT and between 45-50,000 businesses in total operating in the Leeds District (2019 pre pandemic data). The previous discretionary grant fund received 1,275 grant applications and 716 businesses received assistance at a cost of £6.6m. This was in addition to £154m provided in grant support via the

Business Rates system to 12,795 premises. ARG is therefore a relatively small one off capital fund compared to the size of the business stock in Leeds and the wide impact that Covid is having on the Leeds economy.

2.12 Local Authorities received detailed guidance on the schemes on 3 November. The guidance can be read [here](#).

### **3. Main issues**

3.1 Subject to the Government's prescribed eligibility criteria, officers propose the following overarching principles be applied to the design and delivery of the business grant schemes associated with Local Restriction Support Grants and the ARG:

- a. Businesses which were open as usual and providing in-person services to customers from their business premises, but were legally required to close on or after 9 September 2020 as a result of Local COVID Alert Level 3 (Very High) or national restrictions will be supported through either the LRSG (Closed) scheme (eligible business rate payers) or through a Discretionary Grant Fund established using ARG funding (non-business rates payers).
- b. Businesses which have not been legally required to close and have remained open but have been severely impacted by local restrictions introduced between 25 September and 5 November and that pay business rates or have other ongoing non-domestic fixed property costs will be supported through the LRSG (Open) fund. Eligible businesses that pay rates will receive a single payment for the period. Businesses that do not pay business rates will make a single application through the Discretionary Grant Fund. The proposed payment amounts and application process are set out below. If Leeds returns to Local COVID Alert Level 2 (High) restrictions after 5 December the position will be reviewed in relation to the Discretionary Grant Funds set out below and additional proposals brought forward as necessary.
- c. Businesses with ongoing non-domestic fixed property costs which have been severely impacted by COVID-19 will also be supported through a Discretionary Grant Fund established using ARG funding. This will follow the principles developed as part of our previous Discretionary Grant Fund which ran from June – September 2020. Businesses supported through a) and b) above will be able to apply to this Fund.
- d. Support should be provided for home based businesses / those run from non-domestic premises with annual property costs below £4,000 per annum severely impacted by COVID-19. A further report will be brought forward on detailed proposals to support this group of businesses which will give consideration to representations made to Leeds City Council.
- e. Additional business support should be put in place for micro businesses focused particularly on those in retail, hospitality and leisure who have been severely impacted by the pandemic. This will be funded through the ARG.
- f. Initiatives to help to bring footfall back to the City Centre and other key locations to underpin economic recovery should be boosted by funding from ARG.

3.2 Officers propose the following arrangement in relation to Local Restriction Support Grants covering the period from 25 September to 2 December 2020 inclusive:

3.2.1 Under the LRSG (Closed) scheme (and subject to the prescribed eligibility criteria of that scheme) businesses which were open as usual and providing in-person services to customers from their business premises but which were, as a result of national lockdown restrictions, legally required to close between 5 November 2020 and 2 December 2020 should receive grants of up to £3,000.

3.2.2 Businesses required to close are detailed on [here](#):

Businesses required to close will receive the following payments:

RATEABLE VALUE OF PREMISES	Grant payment per 4 weeks
£15,000 or under	£1,334
£15,001 - £50,999	£2,000
£51,000 or over	£3,000

Payments will be made to eligible rate payers via a single payment for the 4 week national restrictions period and funded by the Council through the LRSG (closed) budget allocation (£12,993,462) Applications opened on 9 November.

3.2.3 Under the ARG scheme (and subject to the prescribed eligibility criteria of that scheme) it is proposed that businesses which are not liable for business rates but have ongoing non-domestic fixed property costs and which were open as usual and providing in-person services to customers from their business premises but were, as a result of national lockdown restrictions, legally required to close between 5 November 2020 and 2 December 2020 should receive grants for that period on the following basis:

ANNUAL NON-DOMESTIC FIXED PROPERTY COSTS	Grant payment
£4,000 - £5,999	£500
£6,000 - £8,999	£750
£9,000 and above	£1,000

Eligible businesses will apply for this grant through a single application form for the Discretionary Grant Fund (see below). Payments will be made to eligible businesses via a single payment for the 4 week national restrictions period and funded by the Council through the ARG budget allocation (£15,862,780).

The Council will review the position in relation to the continuation of these payments in December when the position is clearer relating to national and local restrictions.

3.3 Leeds became an 'Area of Intervention' on 25 September (prior to the tiered system being introduced) and on 14 October became subject to Local COVID Alert Level 2 (High) Restrictions.

Given the likelihood of returning to the Tiered system after this period of national restrictions and the fact that we are proposing a Discretionary Grant Fund (see below) it is proposed that Leeds City Council focus on a tightly defined set of businesses to receive a one-off payment to help with their fixed overheads..

It is proposed that businesses in the following categories will be in scope for these payments:

- a. Hospitality businesses. Restaurants, pubs, bars, including hotels or members' clubs; social clubs and cafes.
- b. Accommodation. Hotels, registered bed and breakfast accommodation and registered holiday accommodation providers.

This is because the restrictions that were in place related to groups of people that were permitted to meet inside and outside having a disproportionate impact on hospitality and accommodation businesses. Evidence provided to the Council by the Leeds Hotels and Venues Association (LHVA) demonstrate that accommodation businesses suffered a marked increase in cancellations through late September and early October as additional Covid restrictions were put in place by the government. .

Businesses in this category that are liable for business rates will be invited to apply for grants in line with the government guidance for LRS (Open) as set out below. These payments will be made by the business rates team:

RATEABLE VALUE OF PREMISES	Grant payment per 4 weeks	Proposed Grant payment 25 September - 5 November
£15,000 or under	£934	£1,401
£15,001 - £50,999	£1,400	£2,100
£51,000 or over	£2,100	£3150

Businesses in this category that are not the eligible rate payer will be invited to make a single application through the Discretionary Grant Fund and will be awarded a grant on the following basis:

ANNUAL NON-DOMESTIC FIXED PROPERTY COSTS	Proposed Grant payment 25 September - 5 November
£4,000 - £5,999	£750
£6,000 - £8,999	£1,125
£9,000 and above	£1,500

Payments made to all eligible businesses in this category will be funded by the Council from the LRSO (Open) budget allocation of £7,939,071.

- 3.4 Having due regard to the Government's guidance, it is proposed that two Discretionary Grant Funds (DGFs) are established to provide additional support to businesses disproportionately impacted by COVID-19.
- 3.4.1 DGF Scheme One would be modelled on the Discretionary Grant Fund (DGF) which operated over two application rounds between June and September 2020. The DGF focused on supporting businesses which had fixed non domestic property costs who had suffered at least a 25% fall in income since the start of the pandemic but who were not eligible for the mandatory grants paid through Business Rates.
- 3.4.2 DGF initially provided up to 50% of ongoing non-domestic fixed property costs over a six month period (March to September 2020) to a maximum of £10,000. The scheme was modified in August 2020 to provide up to 100% of eligible property costs to the maximum of £10,000 with an additional payment of £15,000 provided to businesses which could demonstrate at least £50,000 in annual property costs who had suffered a 35% or more drop in income and where at least five jobs were deemed to be at risk.
- 3.4.3 DGF received 1275 grant applications and 716 businesses were assisted at a cost of £6.6m. The scheme was designed to support businesses from a broad range of sectors and was focused on ongoing fixed non-domestic property costs to ensure that grants did not duplicate support provided by government to help individual incomes through the Self Employed Income Support Scheme (SEISS) and the Job Retention Scheme (JRS).
- 3.4.4 DGF was also designed to work alongside loan support provided by government for companies to use as working capital through the Bounce back loan scheme. DGF was well received as it provided a lump sum payment to help with essential property related overheads being incurred by many businesses and was complementary to other financial support being provided by the government. The scheme also avoided excluding businesses by sector or type and instead focused on the impact of Covid-19 on business operations allowing for a level playing field in the appraisal of applications. Taking a similar approach at this stage will ensure that businesses severely impacted by Covid-19 are not inadvertently excluded from business support.
- 3.4.5 It is therefore proposed that, having due regard to the Government guidance and subject to the eligibility criteria prescribed therein, Leeds City Council should administer a third round of the DGF scheme in the following manner:

- a. grants will only be awarded in relation to ongoing fixed non domestic property-related costs from 1<sup>st</sup> October 2020 to the 31<sup>st</sup> March 2021.
- b. grants will be for up to 50% of fixed property costs from 1<sup>st</sup> October 2020 to the 31<sup>st</sup> March 2021 with a maximum grant of £10,000;
- c. grants will be for a minimum of £1,000 - applicants will need to demonstrate that they are incurring a minimum of £4,000 per annum in fixed property costs (including rent, rates, mortgage payments, service charges).
- d. applicants must supply documentation to evidence the above costs (e.g. a lease with property costs itemised, Business Rates Bill for 2020/21, invoices from the landlord for rent and service charges.).
- e. applicants must also supply documentation to evidence a minimum 30% projected or actual loss of revenue over FY20/21 due to COVID-19 (e.g. bank account statements, orders of work cancelled / postponed, confirmation of halted operations). Where the applicant is a charity, evidence may include documentation to demonstrate a significant increase in demand for its services due to the crisis and / or evidence of an inability to generate income from fundraising activities. .

3.4.6 For the avoidance of doubt, grant awards made through the DGF will be in addition to awards made through the other schemes set out above up to a total value not to exceed 80% of ongoing non-domestic fixed property costs. A business may therefore receive multiple grants which when added together exceed £10,000. All grant support will be subject to State Aid limits in accordance with the guidance issued by government.

3.4.7 It is proposed that the scheme be open for applications for an initial period of two weeks. The number of applications will be monitored carefully and the application window may be adjusted depending on demand. This will also assist with the processing of applications. Applications will be accepted from 25 November.

3.4.8 DGF Scheme Two would provide support for home based businesses/those run from non-domestic premises with annual property costs below £4,000 per annum. Further work is currently ongoing to refine this proposed scheme to minimise duplication with SEISS/JRS and to align where possible with schemes being developed by neighbouring authorities. Officers will provide a separate report setting out the details of this scheme for approval. The aim will be to launch this scheme as quickly as possible.

3.4.9 In line with government guidance we will publish the scope of all of our schemes on the Leeds City Council website, providing clear guidance on the details of the scheme. For all schemes businesses will be required to make an application for a grant which they will be able to access from the website. We will endeavour to process grant applications within 20 working days, but this will depend on the levels of demand we experience and on all the information required having been submitted by the applicant.

3.5 The following criteria are mandatory criteria for all schemes and set nationally:

- All funding and support must be provided in a manner that is compliant with the European Commission's State aid rules; and
- Funding and support cannot be provided to business which were not actively trading prior to additional Covid restrictions being put in place or which are insolvent/in administration/where a striking-off notice has been issued. .

3.6 The ARG allows for local authorities to commit resources to broader business support to address the impact on local businesses and support recovery from COVID-19. It is therefore proposed that £450K - less than 3% of this fund - is committed now to the following activities:

3.6.1 Responding to demand from businesses across the city up to £150K would fund support to Retail / Hospitality / leisure micro businesses building on work undertaken by the micro business support service commissioned by the Council in the spring / summer of 2020. This would provide industry relevant, practical expert advice and signposting to businesses most vulnerable as a result of the second wave of Covid-19. Working in partnership with Leeds City Council an external contractor would be appointed to deliver the programme, taking account of the current landscape of business support and feedback received from clients.

3.6.2 Committing a further £300K now to activities which support the return of footfall back to the City Centre and other key locations as restrictions are eased in 2021. This will enable a plan to be developed with external partners for a series of events and activities throughout 2021, underpinning economic recovery in Retail, Hospitality, Leisure and Tourism across Leeds.

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

4.1.1 Consultation has been undertaken with the following groups:

- Elected members through the Members Outbreak Control Board.
- Business representative bodies through the Leeds City Council silver command group for Business and Economy including the Chamber of Commerce, the Federation of Small Businesses, LeedsBID, Leeds Hotels and Venues Association and Tech Nation.
- Independent businesses through the representative group established as part of COVID-19 Emergency Structures.
- Through the West Yorkshire Combined Authority with Business Support teams of Local Authorities (LAs) across West Yorkshire (WY) and those of LAs in York, Harrogate, Selby and Craven.

There was broad support for approach set out, in particular the focus on making more generous payments through the DGF rather than smaller payments based on four weekly periods. There was an understanding that the position would need to be reviewed towards the end of December once the demand from businesses and the position on future local and national restrictions is clearer.

### **4.2 Equality and diversity / cohesion and integration**

4.2.1 The information we provide on the Leeds City Council website about the scheme and the application form will be reviewed to ensure that it meets web accessibility legislation. There will be the ability for an applicant to flag that they require language support if required.

### **4.3 Council policies and the Best Council Plan**

- 4.3.1 This scheme will support the Best City Ambition to have 'A Strong Economy and a Compassionate City'. Providing support to businesses to ensure that they can bounce back from COVID-19 will help protect jobs and livelihoods and ensure that our economy has a better chance of recovery.
- 4.3.2 Data relating to the allocation of grants will be published on Data Mill North once the scheme is complete.

#### Climate Emergency

- 4.3.3 This scheme will be delivered as 'digital by default' removing the need for paper letters to applicants or paper record storage.

### **4.4 Resources, procurement and value for money**

- 4.4.1 The business rates team will administer payments to businesses that are rates payers. The team will be augmented by additional resources from other areas within revenues and the use of overtime at weekends. This will be funded from the unused new burdens funding received for the administration of the earlier business support grants.
- 4.4.2 The Economic Development team will administer payments to businesses that do not pay rates. Resources will be re-deployed from Economic Development and from other departments in the City Development Directorate to support the administration and appraisal process. New burdens funding will be used to address any reduction in income that results from the redeployment of staff and to introduce temporary resources or make overtime payments if this is required. The broader work of the Economic Development team will be impacted by the redeployment of staff but officers will work to ensure this is minimised as far as possible.
- 4.4.3 All schemes, with the exception of LRSG (Closed) have been designed to provide a one-off payment rather than recurring payments. Further the Discretionary Grant Fund (Scheme One) will only open for applications for a period of two weeks. These measures will ensure that we do not overcommit the council financially. The scheme design also allows for flexibility to make further payments without additional applications based on an initial appraisal – meaning that further recommendations can be brought forwards by officers if there are significant funds remaining after this first round of grant awards.

### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 Grants will be provided pursuant to Section 1 of the Localism Act 2011.
- 4.5.2 As set out in the Government's guidance, grants must be provided so as to be compliant with the European Commission's rules as to the provision of State aid.
- 4.5.3 State aid occurs where public resources are used in a selective manner so as to provide organisations who are engaged in economic activities with an advantage which will or is likely to distort competition between EU member states.
- 4.5.4 In the case of grants awarded pursuant to the Discretionary Grants Fund it is anticipated that they will be compliant with the State aid rules in one of three ways:

- they will not be subject to the State aid rules in that they will not or are unlikely to distort competition between EU member states;
- they are permitted under the European Commission's de minimis regulation (this allows organisations to receive up to 200,000 euros' (circa £175,000) worth of aid every three years); or
- they are permitted under the European Commission's temporary framework for the provision of aid to mitigate against the impact of the Covid-19 pandemic (this allows organisations who have been adversely affected by the pandemic to receive up to 800,000 euros' (circa £700,000) worth of aid.

- 4.5.5 Applicants will be required to complete a declaration giving details of any other State aid they have already received pursuant to the de minimis regulation and/or the temporary framework. Grants will not be provided where the Council is not satisfied that the State aid rules will be complied with.
- 4.5.6 The State aid rules continue to have effect in the UK until 31 December 2020, but it is currently uncertain what regime will apply after that date. Any assistance provided to businesses from 1 January 2021 will have to be provided in accordance with whatever State aid/subsidy regime is in place in the UK. The situation will be kept under review and further legal advice taken as necessary.
- 4.5.7 In administering any grant scheme, the Council must have due regard to the Government guidance and must act in a proportionate, objective, rational and reasonable manner. In addition, the Council must also act in a business-like manner with reasonable care, skill and caution and with a due and alert regard to the interests of the council tax and business rate payers of Leeds.
- 4.5.8 The recommendations contained in this report are Key Decisions which have not been included the List of Forthcoming Key Decisions for 28 clear days before they will be made. Given that the Government has asked local authorities to make grant payments as quickly as possible to support struggling businesses, it would be impractical to defer the decisions sought until they have been included in the List of Forthcoming Key Decisions for 28 clear days. In the circumstances, and in accordance with the Council's special urgency procedure, the chair of the Infrastructure, Investment and Inclusive Growth Scrutiny Board has been consulted and has agreed that the decisions are urgent and cannot be reasonably deferred.
- 4.5.9 It is proposed that the decisions sought by this report should be declared as being exempt from Call In on the basis that they are urgent and that any delay in implementing them would seriously prejudice both the Council's and the public's interests. If the decisions sought were delayed this would in turn delay the payments of grants to businesses who are struggling due to the impact of the Covid-19 pandemic. The decisions sought could not have been made earlier due to the need to design a scheme in accordance with Government guidance which was issued on 3 November.

## **4.6 Risk management**

- 4.6.1 To inform scheme design, Officers took into account data available from a range of sources including the council's business rates database and data gathered during the administration of the previous Discretionary Grant Fund. Whilst there remains a risk that schemes may be oversubscribed, this will be mitigated by introducing an application window for the Discretionary Grant Funds.

- 4.6.2 The Leeds City Council schemes are broadly in line with the schemes established across the West Yorkshire Authorities. Where there are differences it was felt, on balance, that this was appropriate given the different circumstances of each Authority.
- 4.6.3 Whilst it is always possible that a legal challenge could be made that the Council's proposed schemes are unlawful, in designing them we have had due regard to both the Government's guidance and the principles of public law. For such a challenge to be successful it would have to be shown that, in adopting the proposed schemes, the Council had acted contrary to public law (i.e. that it had not acted proportionately, objectively, rationally or reasonably). For the reasons set out in this report, we do not believe that that is the case and that we would be able to rebut any such challenge that might be made.
- 4.6.4 A simple appeals process will be put in place and details will be included in the guidance for applicants on this.

## **5 Conclusions**

- 5.1 The LRSG (Closed) is a mandatory scheme and will be administered in line with Government Guidance and the prescribed eligibility criteria and payment profile of that scheme.
- 5.2 The LRSG (Sector) scheme is a mandatory scheme and will be administered in line with Government Guidance and the prescribed eligibility criteria and payment profile of that scheme.
- 5.3 The value of the LRSG (Open) and ARG schemes (which are discretionary) are relatively small compared to the number of requests for assistance received by the council since March. Further, the position in relation to local and national restrictions after 2 December is unknown. Officers have therefore taken this into account in scheme design to deliver a significant boost to businesses now whilst allowing for further business support to be provided before March 2021.
- 5.4 Where the Council has discretion payments will be relative to fixed ongoing non-domestic property costs so as to ensure equality when comparing one business with another.
- 5.5 Discretionary grants will be awarded based on the impact of Covid-19 on turnover so as to treat businesses equally regardless of sector.
- 5.6 The proposed schemes have all been designed with due regard to both the Government's guidance and the principles of public law and are believed to be fair and reasonable in all respects. A process will operate so that any business which feels that it has not been fairly treated can appeal.
- 5.7 Support should be provided for home based businesses / those run from non-domestic premises with annual property costs below £4,000 per annum severely impacted by COVID-19. A further report will be brought forward on detailed proposals to support this group of businesses which will give consideration to representations made to Leeds City Council and to the schemes set out in this report.

## **6 Recommendations**

- 6.1 The Director of City Development is requested:

- (a) To note the contents of this report and the advice contained within it.
- (b) To approve the proposed approach to the administration of the Leeds City Council COVID-19 Local Restrictions Support Grants and Additional Restrictions Grants and to delegate the approval to award grants under it as set out in the Director of City Development's Sub-Delegation Scheme.

## **7 Background documents<sup>1</sup>**

- 7.1 Please refer to the detailed guidance received from government relating to The Local Restrictions Support Grants and Additional Restrictions Grant. The guidance available at 19 November is available [here](#).

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.