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**Executive Recovery Report – Annex 2**

**18<sup>th</sup> March 2021**

Report of the Head of Economic Development

**Impact of Government Roadmap on Additional Restrictions Grant**

1. Our unique approach in York to supporting small and micro businesses through the pandemic – first through our micro grant scheme and now through our use of the Additional Restrictions Grant (ARG) – has sought to provide small grants to as many grass roots businesses as possible. There are considerably more than 1,000 businesses in York that have had this help. Had they be in any other local authority area they would still be waiting for assistance one year into the pandemic.
2. Leeds, for example, has so far spent less than 10% of its £24m allocation for ARG. Whereas there are still frequent calls regionally and nationally to help the self-employed and businesses outside of the rates system, we have done sterling work in York to get cash to precisely these businesses. This is “the York model” of inclusive economic development.
3. For the current ARG grants, we are providing payments of between £750 and £3,000 per 6 week period to 1,249 businesses, with applications still arriving and a further 140 or so potential cases under assessment. A total of £236k per week is being paid out, which is very close to the original estimate of £250k per week provided in November 2020 when the scheme was being set up.
4. Applications to ARG are still open, with approximately 40 applications per week being received at present. To enable certainty on future costs, while still ensuring that the grants are open to as many businesses as possible, it is recommended that we close applications on 31 March 2021. This would enable targeted communications to encourage businesses that have not yet applied to do so, while simplifying future implementation of grant payments within the available budget.

5. The system in which we are operating has changed significantly from that originally forecast, with the removal of the regional tiered approach, and the lockdown has proved to be much longer than many expected at the end of last year. We originally allowed for 4 to six months of lockdown, allocating the balance of funding to provide a reopening budget of £200k and a business support scheme of £500k.
6. The Prime Minister’s announcement on 22<sup>nd</sup> Feb 2021 of a new step based approach – the roadmap to recovery – provides some clarity regarding the reopening of businesses by sector. The Budget of 3<sup>rd</sup> March 2021 made an additional £425m available through ARG, which would translate to £1.34m for York if allocated on the same basis as previous announcements. This can also be factored in to the forecast for ARG grants over the coming months, and allows a forecast total budget of £7,421,920.
7. BEIS Officials have indicated that the additional ARG budget will only be available for Local Authorities that have spent their existing allocation by the end of June 2021. We still await formal confirmation both of the amount available and the process for claiming it, although the formal guidance on eligible spending was updated on 4<sup>th</sup> March 2021 (available here).
8. An additional 200 applications to ARG prior to the recommended close of the scheme at 31 March 2021 would take expenditure close to the current ARG total as allocated at the Executive Member for Finance and Performance’s decision session in January 2021. The table below summarises those costs, expressing the commitment in terms of a range between 100 and 200 new applications. The overall budget will need constant review as we move from step to step in the Roadmap, as the unallocated balance must accommodate the cost of any delays in this process.

<b>Item</b>	<b>Cost (£m)</b>	<b>Budget (£m)</b>
Grants to businesses	5.7 to 6.0	
Reopening	0.2	
Voucher scheme (provisional)	0.5	
Total cost	6.4 to 6.7	
Jan total ARG		6.08
Additional provisional allocation		1.34
Total ARG		7.42

9. Should there be any delay in moving between steps, the incremental costs would depend on the quantum and sector of businesses remaining closed, and the length of the delay. A delay in moving from step 1 to step 2 (currently forecast for 12 April) would cost c. £250k per week, while a similar delay in moving to step 3 would mean an additional c. £150k per week of grants would be paid. Beyond step 3, the costs reduce to c. £10k per additional week.
10. While the availability of funding prior to the receipt of additional ARG as outlined in the budget will be limited due to the successful rollout of business grants, the overall budget envelope, together with the inclusion of an estimated 200 further grants, provides sufficient confidence to confirm the £200k reopening budget from ARG.

## **Recommendations**

11. In consideration of the use of ARG to fund items beyond direct business grants:
  - Plans for support beyond direct grants should be based on the steps in the roadmap, with commitments to spend being made no further than one step in advance, and based on behavioural insight in consultation with partners
  - Applications for ARG should close on 31 March 2021
  - The budget allocation of £200k to support reopening should be confirmed to enable detailed planning and implementation over the coming weeks
  - For the voucher scheme and other business support measures, it will only be clear whether there are sufficient funds to implement when the step 3 date is confirmed and the final decision on budget should not be taken before that date.

*Reason: To support to York businesses which are affected by the Lockdown and Tier 3 restrictions but not eligible for Local Restrictions Grant (Closed) funding.*

## **Consultation**

12. In developing these proposals, Officers have consulted with the Federation of Small Businesses, Institute of Directors, York BID, Make it York, York Chamber of Commerce, and the University of

York. Further consultation will be undertaken as the scheme develops, but to date all consultation has been positive and we have outline support from all of these organisations for the scheme as presented in this paper.

## **Implications**

### **Financial**

13. There are no direct financial implications arising from this scheme as it is funded entirely from the Government Additional Resources Grant.

### **Human Resources (HR)**

There are no HR implications.

### **Equalities**

This report will impact on all communities equally.

### **Legal**

The Additional Restrictions Grant is provided under Section 31 of the Local Government Act 2003.

### **Crime and Disorder, Information Technology and Property**

No implications

### **Risk Management**

21. The key risk associated with this paper is that there is not enough money in both the core and discretionary schemes to provide the level of financial support required by affected businesses in the city during the ongoing covid-19 pandemic.

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**Report  
Approved**

**Date**

**Specialist Implications Officer(s):**

**Wards Affected:** *List wards or tick box to indicate all*

**All**

**For further information please contact the author of the report**

**Background Papers: None**

**Annexes**

none