

Additional Restrictions Grant

- Summary: This report sets out the current financial position of the COVID Additional Restrictions Grant (ARG) and the actions the Council plans to undertake to commit the remainder of the District's allocation which is intended to support businesses and the local economy.
- Options considered: The Council is obliged to use the ARG fund to support local businesses, particularly those who have not been able to benefit from the mandatory grant schemes. The Government has advised that this should predominantly take the form of discretionary grants. However, the fund also allows the Council to use funding to deliver wider business support to which a range of options, including those outlined within this report, are possible. The Council could choose to focus the remaining allocation solely on providing grants. However it is recognised, particularly as national restrictions are eased, that businesses would additionally benefit from a broad offering of non-financial support to assist their recovery process, enable them to embed Covid-safe practices and measures and to support resilience.
- Conclusions: The Covid-19 pandemic has taken a considerable toll on local businesses. Whilst some businesses have either been able to trade to some extent – because they are non-customer facing, through diversification or via e-commerce channels – many have been heavily impacted and continue to struggle to meet their ongoing fixed costs and recoup their losses. Whilst the mandatory schemes have played a significant role in helping some businesses, there are many others who have *slipped between the cracks*. The ARG scheme, and the wider support it can offer, provides an opportunity for the Council to address the support needs of some of those businesses who have not been able to access such schemes and for the Council to provide a wider range of assistance to help the local economy to bounce back.
- Recommendations: It is recommended that:
- Full Council note the content of the report and the progress to date in committing the ARG allocation to support local businesses;
 - given the time constraints, that delegation is provided to the Director of Resources, in consultation with the Cabinet Member for Sustainable Growth, to:

1. establish the terms and processes to commit the remaining ARG fund by 30 June 2021, and;
2. develop a programme of business support using the anticipated ARG top-up funds that the District will benefit from following the full dissemination of the current fund.

Reasons for

Recommendations: To ensure the funding is fully defrayed within the timescales determined by the Government.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

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Cabinet Member(s) Cllr Richard Kershaw Portfolio Holder for Sustainable Growth	Ward(s) affected All
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1. Background

- 1.1 The Covid-19 pandemic has had an unprecedented impact on trading conditions. Restrictions imposed on businesses to control the spread of Covid-19 have had a significantly negative effect on the national and local economy. In April 2020, the UK experienced a 25% contraction in GDP, the largest fall the country has ever experienced. Whilst the economy did partially recover during the second half of the year, most businesses were unable to recoup earlier losses and any traction made to return to pre-pandemic levels was reversed following the return of national restrictions in November, ultimately leading to further tightened measures in January.
- 1.2 As a result of the severe impact of Covid-19 restrictions, the Government introduced a plethora of Covid business grant schemes. These schemes are being allocated to businesses via Local Authorities. Within North Norfolk, the Council has now distributed approaching £100m in grants.
- 1.3 Following the imposition of national restrictions on 5 November, the Government established a new discretionary fund called the Additional Restrictions Grant (ARG). This scheme was introduced to complement the Local Restriction Grant (and its subsequent incarnations), with a particular emphasis placed on helping those businesses who may not have been able to

benefit from the LRSG fund, which is essentially aimed at businesses subject to non-domestic business rates.

- 1.4 Local Authorities are permitted to have full discretion as to how this is spent, but are advised that this money should predominantly take the form of discretionary funding. It can also be used to fund wider business support activities. Councils were initially advised that this money will need to be fully defrayed by 30 March 2022.
- 1.5 Following an additional top-up in January, NNDC has received a total ARG allocation of £3,028,013. To date, excluding pending applications, the Council has awarded 702 Additional Restrictions Grants for a total sum of £1,534,000. In addition to this, a further £22,578.22 has been provided to Norfolk County Council, which alongside contributions from six other Norfolk authorities, has supported the 'Go Digital' programme. This scheme has provided 1-2-1 professional support to businesses seeking support with digital tools eg e-commerce, social media, adapting to agile working etc. It is hoped that this well received scheme will be supported through further funding, possibly from other sources.
- 1.6 An additional £25k has been earmarked to support Visit North Norfolk (VNN) toward their replacement web contract. As the District's Destination Marketing Organisation, VNN have continued to play an integral role in supporting the local visitor economy and ensuring that both businesses and the public are informed and receiving appropriate messages. It is envisaged that the district will experience a strong uplift in 'staycation' visits this year and VNN will help the Council to engage with partners to ensure that tourism messaging is appropriate, balancing the interests of local businesses with those of local communities and the environment.
- 1.7 At the Spring Budget on 3 March 2021 the Chancellor Exchequer announced that Local Authorities would receive an additional top-up to the their ARG allocation. This was recently confirmed as £760,411 for North Norfolk. However, in order to qualify for this money, Councils will need to have fully defrayed (not just committed) all of their current allocation. Consideration is now being given to how we can draw down this additional money for the benefit of the District's business community.

2. Current Position

- 2.1 Based on the total amount defrayed, the present pipeline of payments, pending cases and outstanding commitments, it is estimated that the current position of the ARG fund is circa £1.65-1.7m and therefore there is an remaining fund of approximately £1.4m. As outlined, in order for the District to benefit from the top up funding, the Council will need to have expended the current balance no later than 30 June 2021. The Council will then need to fully defray the remaining fund no later than 30 March 2022 or return any unspent allocation to the Government.
- 2.2 It is proposed that Council consider the remaining and anticipated top-up funding within two broad phases: a 'Rescue Phase' and a 'Recovery Phase'

3. Rescue Phase

3.1 During the *Rescue* Phase (through to no later than 30 June 2021) the Council will concentrate on defraying the remaining initial funding allocation. The focus will be on providing continued support to new and existing applicants to assist them as national restrictions ease, recognising that many businesses will initially be limited in their ability to trade normally and some will not be able to open at all during the early stages.

3.2 Overview

- A further round of grant payments to cover the 3-month period to June.
- £25k to Visit North Norfolk to support the local visitor economy – particularly encouraging visitors to explore quieter parts of the District so as to spread the benefits of Recovery more widely
- £22,578.22 to the Go Digital programme (committed)
- £250,000 ring-fenced to provide an Outdoor Education Sector Support Grant, assessed via an application process and a nominated panel.

3.3 The Outdoor Education Sector Support Grant is intended to support residential outdoor education centres operating within the North Norfolk district. It is recognised that this important sector to the local economy is uniquely challenged as it relies almost entirely upon school bookings and it is clear that these have been unable to take place over the past 15 months and will be slow to resume to their previous levels of business once allowed to reopen. Moreover, it is further acknowledged that these businesses play a particularly important role in supporting the education, welfare and well-being needs of young people, many of whom will have been heavily impacted by the national restrictions in terms of their physical and mental well-being. The survival of these organisations is therefore vital to supporting the UK recovery process and the impact of this grant scheme should be measured in terms of its broader benefits (health, well-being, local employment, supply chains etc).

4. The Recovery Phase

4.1 During the *Recovery* Phase (through to no later than 30 March 2022) the Council will concentrate on defraying the top-up fund allocation (£760,411). The focus will be on providing a suite of business support initiatives to help businesses to recover. The full details of this will need to be worked up, but options could include:

- A Business Recovery Grant - to fund projects and initiatives that support diversification, fund growth opportunities etc. This could support a range of potential needs, including but not limited to:
 - Costs of adapting operational models, premises and working practices in order to meet Covid-secure requirements;
 - Support the development of recovery plans;
 - Adaptations to business models to attract new customers or visitors;
 - Digital transformation;
 - New product development or diversification;

- Marketing support or support with certification costs to enter a new market;
 - Specialist external support to meet a defined need;
 - Support the purchase of professional advice e.g., accountancy, HR, legal etc
- Business Support Staff resource – to provide 1-2-1 support and advice; to support business planning/applications into the Business Recovery Grant;
 - Start up support (or funding towards extending existing schemes);
 - Digital skills and professional advice;
 - Support for town centres, working with local business groups and Chambers to support town centre revitalisation;
 - Supporting possibly existing or emerging programmes.

5. Conclusion

- 5.1 The ARG fund, and the wider support of the Economic Growth Team, will play an important role in supporting the recovery of the local economy in North Norfolk and in helping businesses to respond to the challenges that they will face over the coming months and years. In order to do this, Officers will need to continue respond quickly to emerging guidance from the Government and be sufficiently empowered to develop a programme of support to meet the critical needs of businesses as they seek to recover from the pandemic.

6. Financial Implications and Risks

- 6.1 Any funding scheme will include inherent risks about the way in which the funding is used. However, the Council is well versed in the operation and administration of grant funding schemes and has the resources and procedures in place to ensure that standards of propriety are maintained and that the funds are properly accounted for and audited.

7. Sustainability

- 7.1 Environmental sustainability will be covered within the prospectus and application process for any future grants. Projects or initiatives will be expected to incorporate measures that minimise their impact upon the environment

8. Equality and Diversity

- 8.1 No direct implications arising from this report.

9. Section 17 Crime and Disorder considerations

- 9.1 No direct implications arising from this report.