



Cabinet report

Date	9 SEPTEMBER 2021
Title	DEPLOYMENT OF DISCRETIONARY BUSINESS SUPPORT GRANT (ARG)
Report of	CABINET MEMBER FOR REGENERATION, BUSINESS DEVELOPMENT AND TOURISM

EXECUTIVE SUMMARY

1. This paper sets out the financial support provided to Island businesses by the council over the COVID pandemic through discretionary grants funded by central government. It also describes the level of support provided by the council through statutory grants to business premises mandated to close over the period and sets out the approach for committing remaining discretionary funds which must be spent by 31 March 2022.
2. In summary, the council has dispensed a total of £99,799,908 in 21,984 individual grant payments since May 2020 to Island businesses. The focus for the grants has been largely across the retail, hospitality and leisure sectors which were required to close during national lockdowns and are vital components to the wider Island economy. In addition, the discretionary funds made available helped support many Island businesses that were ineligible for the main grant programme but were significantly impacted as a result of being either part of a supply chain to the sectors that had to close over the past 18 months or were operating from non-business rated premises and/or in sectors not mandated to close.
3. The council has been awarded a total of £7,906,518 of discretionary funding, most recently referred to as Additional Restrictions Grant (ARG) and to date has dispensed £7,632,571 in 1,865 payments to businesses.
4. There is therefore currently £273,947 uncommitted ARG funding and the proposal is to target projects and programmes that will support local business and the economy in the ongoing recovery from the pandemic. The details of these projects and programmes and how they are delivered are yet to be concluded and given the timescales for spending the remaining grant it is

proposed that the Cabinet member in consultation with the Isle of Wight Economic Development Board (which includes representation from key business organisations such as the chamber of commerce, federation of small businesses and Visit IOW) are tasked with agreeing those details with a commitment to report back to Cabinet after March 2022 on the outcomes.

BACKGROUND

5. Following the start of the pandemic in March 2020, the government announced a range of financial measures aimed at supporting businesses in general and specifically those that were mandated to close when the Prime Minister announced the first national lockdown.
6. As well as the furlough scheme, suspension of business rates and various loans schemes, the government announced a grant programme for small businesses that were operating from business rated premises. This was to be funded by the government and administered by local authorities. It soon became apparent that many business impacted by the pandemic were ineligible for those funds and following considerable lobbying by councils further resources were provided to councils as a discretionary fund in order that local authorities could identify support for other businesses in their local area.
7. The council was originally allocated £2.9 million (based on £200 per head of population) and it was agreed to provide grant payments based on an application process to support a range of businesses that in the main were ineligible for the main grant fund such as bed and breakfast accommodation not registered for business rates, taxi drivers, market stall holders etc and those in the 'supply chain' for the tourism, hospitality and retail sector.
8. Subsequent national lockdowns (and ARG) for November 2020 (£2.8 million) and January/April 2021 (£1.2 million) provided the council with additional resources to continue to support those business and sectors most impacted by the pandemic.
9. A final 'top up' tranche of £852,000 discretionary funding was also provided in order to assist businesses prepare for reopening after the last national lockdown. The guidance on the final ARG element of the grants was that monies needed to be spent by 31 March 2022 and that councils needed to manage any remaining funding over the autumn/winter of 2021/22 as there was no further funding being made available to deal with any subsequent COVID challenges.
10. The council closed the applications process for the last phase of its ARG in May 2021. This leaves £273,947 to be spent by 31 March 2022.
11. In deliberation with the Isle of Wight Economic Development Board Executive a number of business support projects and areas of activity have been identified:

12. Activities supporting our town centres including Small Business Saturday and 'pop up' shops in the lead up to the Christmas period.
13. In conjunction with Portsmouth University and funding via 'Build Back Better' delivering a range of training and learning for businesses linked to COVID recovery including digital and online.
14. Working with learning providers on support for short courses, work placements and apprenticeships, particular in hospitality sector.
15. Continuing support for current business mentors and 'olderpreneurs' projects being delivered via the chamber of commerce.
16. Support for the cultural sector with the development of a key cultural event outside the main season and gaining an understanding of the sectors value to the island economy.
17. Additional support for the Youth Hub programme funded by Department for work and Pensions (DWP) and the Kickstart programme in helping young people into work.

STRATEGIC CONTEXT

18. The council is currently reviewing its Corporate Plan to reflect the key objectives of the new administration.
 - Supporting growth in the economy.
 - Ensuring that all resources are used in the most effective way .
19. Supporting the Island economy and local business is a key priority.

CONSULTATION

20. Throughout the pandemic the council has provided continual updates on the delivery of the various COVID business grant programmes and has consulted business organisations such as the chamber of commerce, federation of small businesses, IW College and Visit IOW on the development of the discretionary grant scheme via the Isle of Wight Economic Development Board.
21. In terms of the remaining ARG, the council has sought the views of the economic development board executive and its views have helped shape the range of projects and programmes that are being developed for delivery.

FINANCIAL / BUDGET IMPLICATIONS

22. The funds for the discretionary grants (ARG) are provided directly and in advance to the council from government which has so far received £7.9 million and spent £7.6 million which leave a total of £273,000 remaining.

23. The specifically identified and secure for business support expenditure and spend must be evidenced by 31 March 2022 or be subject to clawback.
24. The guidance covering the COVID business grants states that funding is provided for revenue expenditure not capital and cannot be spent to support council services.

LEGAL IMPLICATIONS

25. The funding is provided by government and allows the council discretion to determine the eligibility criteria for the grants. However, there is an expectation that the funding will help business that have been severely affected by COVID related restrictions. Grant funding is not available to businesses that are in administration, insolvent, struck off companies house register or have exceed the permitted subsidy allowance.

EQUALITY AND DIVERSITY

26. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

OPTIONS

27. The options available are as follows:

Option A To support the remaining COVID discretionary business grant funds being committed in the areas set out in paragraphs 12 to 17 above with details to be agreed by the Cabinet member in consultation with the Isle of Wight Economic Development Board Executive.

Option B To retain the unspent grant to provide individual grant payments to businesses at a later date (but before 31 March 2022).

Option C To not spend the remaining grant and return the unspent sum of £273,947 to government.

RISK MANAGEMENT

28. The council could choose to retain the unspent funds in order to deal with any unforeseen challenges to individual businesses that arise later in the autumn and winter as a result of the COVID pandemic.
29. Given the limited remaining sums of grant money, the council would only be able to offer very small grants which would have little impact on any businesses ability to survive or sustain itself over the autumn and winter.

30. It would also place a burden on the council to put back in place its internal process, staff and resources to run and manage a grants programme when those resources are being deployed to other priority activities of the authority.
31. In addition, it could leave the council at risk of not fully allocating its funds leading to those funds not supporting the local economy and being clawed back by central government.
32. If the council decided not to spend any further grant it would clearly be required to hand back the unspent resource which would not then be available to support local business and economic activities to the detriment of the Island economy and putting businesses and jobs at greater risk.
33. While the delivery of projects and programmes to support businesses more generally would require to be resourced this could be mitigated by commissioning third parties to deliver outcomes or enable existing funding stream already being delivered to be supplemented to achieve greater benefits and/or additional economic outcomes.
34. The nature of the support and resources required would be a considering factor in agreeing the level of grant support and priority for each project which partners in the Isle of Wight Economic Development Board Executive would be able to advise and reflect on in determining the detailed project outcomes.
35. The delivery of the agreed projects would be monitored by the economic development board with updates to the council's Scrutiny Committee and a final report following completion once the funding deadline concludes on 31 March 2022.

EVALUATION

36. The discretionary business grant scheme has to date provided invaluable direct financial support which has helped sustain businesses over the COVID pandemic, many of which might otherwise have ceased trading with the resultant loss of jobs and wider implications to the Island economy which is heavily reliant on small and micro companies.
37. The Institute of Fiscal Studies report in June 2020 identified the Isle of Wight (alongside Torbay) as the least resilient in the country to the impact of COVID and the use of this remaining discretionary business grant funding in support of local businesses and the economy of the Island is an important element of the ongoing recovery.

RECOMMENDATION

Option A - To support the remaining COVID discretionary business grant funds being committed in the area set out in paragraphs 12 to 17 above with details to be agreed by the Cabinet member in consultation with the Isle of Wight Economic Development Board Executive.

BACKGROUND PAPERS

Financial support for business during coronavirus (COV-19) BEIS

<https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

Isle of Wight Recovery Plan

<https://iow.moderngov.co.uk/documents/s1281/Appendix%201%20-%20A%20better%20island%20-Recovery%20plan.pdf>

IFS Report (June 2020)

<https://ifs.org.uk/inequality/the-geography-of-the-covid-19-crisis-in-england/>

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