

**REPORT OF THE ASSISTANT DIRECTOR OF ECONOMIC REGENERATION
AND ASSISTANT DIRECTOR OF FINANCE**

COVID-19 GRANTS – FINAL POSITION SUMMARY

1. Purpose of the report

- 1.1 To provide an overview of the Covid-19 Business Support programmes provided by Government, focusing primarily on the grants to businesses and their administration within Sunderland by the Council including the closing position.
- 1.2 The report updates the position as reported in November 2020, following the release of additional Covid-19 business support funding. Section 4 in particular covers details of the new support implemented since November 2020.

2. Background

- 2.1 As set out in the reports to the Committee's July 2020 and November 2020 meetings, a range of support measures have been announced by Government in relation to Coronavirus and its impact on businesses, initially on 17 March 2020 with further announcements at regular intervals from that point. These measures include:
 - cash grants
 - the Small Business Grant Fund
 - the Retail, Hospitality and Leisure Grant Fund
 - the Discretionary Fund
 - Local Restriction Support Grants (LRSG)
 - Additional Restrictions Grants (ARG)
 - Wet-led pub grants
 - Closed Business Lockdown Grants
 - Restart Grants;
 - additional business rates reliefs to the Retail, Hospitality and Leisure sectors as well as Nurseries for 2020/21 and further business rates reliefs for 2021/22;
 - loan programmes (Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme, the Bounce-Back Loan Scheme and the Recovery Loan Scheme);
 - deferral of VAT payments;
 - changes to Statutory Sick Pay;
 - the Self-Employed Income Support Scheme;
 - the Coronavirus Job Retention Scheme (allowing businesses to furlough employees) and the subsequent associated Job Retention Bonus (withdrawn at the point the furlough scheme was extended);
 - the Kickstart job placement scheme; and

- the Job Support Scheme (which follows the earlier Job Retention scheme).
- 2.2 As previously reported, the Council has set up dedicated web pages for businesses and employers (<https://www.sunderland.gov.uk/Covid-19business>) with links to key information, advice and guidance to help ensure the city's businesses are able to maximise the take-up of the support for which they are eligible. This has been maintained on a regular basis through the Council's Communications Team, with social and printed media signposting businesses to updates. This includes guidance for businesses in relation to re-opening safely and Covid-19 Secure requirements as well as signposting to guidance in relation to handling incidents and outbreaks.
- 2.3 As set out in the earlier reports, the Government's full information and advice for business can be found at <https://www.gov.uk/coronavirus/business-support>. The Government also developed a coronavirus business support finder tool (<https://www.gov.uk/business-coronavirus-support-finder>), which can help businesses and self-employed people to quickly and easily determine what financial support is available to them after filling out a simple questionnaire.

3. Covid-19 Business Support March 2020 – September 2020

- 3.1 As set out in July's report grants totalling £45.5m were provided to eligible businesses and organisations across the city under the Small Business Grant Fund, and the Retail, Hospitality and Leisure Grant Fund.
- 3.2 In addition to the grants detailed above, the Government announced additional business rates reliefs for eligible properties in the Retail, Hospitality and Leisure sectors as well as Nurseries. The Business Rates team awarded reliefs totalling over £41.96m to 1,528 eligible properties for 2020/2021.
- 3.3 As reported previously in July 2021, the Department for Business, Energy and Industrial Strategy (BEIS) announced the Local Authority Discretionary Grants Fund on 1 May 2020. The Council received a funding allocation of £2,412,500.
- 3.4 The Discretionary Fund was launched in order to support a range of businesses that were unable to access the Small Business Grant Fund and Retail, Hospitality and Leisure Fund.
- 3.5 In Sunderland, the Discretionary Fund was administered in two phases. Phase 1 delivered support to the four categories of businesses identified by Government:
 - Small businesses in shared offices or other flexible workspaces, which do not have their own business rates assessment. Examples could include units in industrial parks, science parks and incubators;
 - Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
 - Bed & Breakfasts which pay Council Tax instead of business rates; and

- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

Phase 2 set out to support businesses with a rateable value below £51,000 (excluding home based businesses) which:

- had experienced loss of income due to Covid-19; and
- had not been eligible for any of the previous grant schemes.

The guidance for Phase 2 also identified two key sectors for the local economy to be prioritised - manufacturing and engineering, and software and technology.

- 3.6 In total 212 businesses in the city were able to benefit from the £2,412,500 discretionary fund available from Government, helping to safeguard 2,004 jobs within the city across both phases. The full financial allocation was distributed to city businesses.
- 3.7 In addition to the above opportunities the Council offered a Local Support Scheme (LSS) which was entirely voluntary on the part of the Council and was intended to support Voluntary and Community Sector (VCS) organisations which, for a range of reasons, were unable to access either of the above. The scheme was aimed at VCS organisations who had suffered a major loss of income or were experiencing financial pressures and concerns over their ability to continue to deliver in communities. In total 165 grants totalling £410,950 were awarded.

4. Covid-19 Business Support Grants September 2020 – July 2021

- 4.1 During this period, in response to the changing impact of the pandemic both locally (i.e. which Tier of restrictions Sunderland was in) and nationally, the Government introduced a number of grant schemes to support businesses. These schemes had defined criteria determined by government and required businesses to be the rateable occupier of the business premises. The schemes introduced were:
- Local Restrictions Support Grant (Open) – covering the period from 18 September to 4 November 2020;
 - Local Restrictions Support Grant (Sector) – covering the period 1 to 4 November 2020 and 2 to 30 December 2020;
 - Local Restrictions Support Grant (Closed) Addendum – covering the period 5 November 2020 to 1 December 2020;
 - Local Restrictions Support Grant (Open) v2 – covering the period 2 December 2020 to 30 December 2020;
 - Local Restrictions Support Grant (Closed) v2 – covering the period 2 December 2020 to 30 December 2020;

- Local Restrictions Support Grant (Closed) Addendum Tier 4 – covering the period 31 December 2020 to 4 January 2021;
- Christmas Support payment for wet-led pubs – one-off payment covering the period 2 December 2020 to 29 December 2020;
- Local Restrictions Support Grant (Closed) Addendum – covering the period 5 January to 31 March 2021;
- Closed Businesses Lockdown Payment – one-off payment covering the national lockdown period commencing 5 January 2021.
- Restart Grants – one-off payment covering the period from 1st April 2021

An overview of each of the schemes above is included from section 4.3 onwards.

- 4.2 Given the complexity of the various schemes the Council sought to minimise the application process for businesses by requiring a single application to be made for each eligible property and the business would then be considered for all grant schemes for which they were eligible. The only exception being the Christmas Support payment for wet-led pubs where, due to specific eligibility criteria, a separate application was required in order to determine eligibility.

4.3 Local Restrictions Support Grant (Open) Schemes (18 Sept – 4 Nov; 2 - 30 Dec 2020)

- 4.3.1 This is a grant for specified sectors, initially covering the period of local restrictions until the start of the national lockdown – from 18 September to 4 November 2020 (48 days). The approach was subsequently extended to run from 2 to 30 December 2020, whilst Sunderland was in Tier 3. This scheme was classed as discretionary by the Government, however, Government confirmed that the funding provided was based on businesses occupying commercial premises included in the ratings list (business rates) with a Rateable Value (RV) in Sunderland in the hospitality, hotel, bed & breakfast and leisure sectors that have not been required to close.
- 4.3.2 Government specified that the level of grant awards would be (pro-rata where necessary):
- RV up to £15,000: £934 per 28-day qualifying period
 - RV of over £15,000 and less than £51,000: £1,400 per 28-day qualifying period
 - RV of £51,000 and above: £2,100 per 28-day qualifying period

The Council received a fixed funding allocation of £1.336m which was fully utilised in making over 700 payments to eligible businesses.

4.4 Local Restrictions Support Grant (Closed Schemes) (5 Nov – 1 Dec, 2 - 30 Dec, 31 Dec 2020 – 4 Jan, 5 Jan 2021 onwards)

4.4.1 These schemes ran during the period of the national lockdown (starting on 5 November until 1 December 2020), from 2 December until 30 December (whilst Sunderland was in Tier 3), the period 31 December to 4 January 2021 (whilst Sunderland was in Tier 4), and the period from 5 January 2021 onwards in relation to the third national lockdown.

4.4.2 Eligible businesses were those that were the rateable occupier of a business premises and that had been mandated to close by Government in accordance with the national lockdown / local restrictions in place at the time and provide direct in-person services from their business premises in the following areas:

- non-essential retail;
- hospitality venues;
- accommodation such as hotels, guest houses and B&Bs;
- personal care facilities;
- entertainment and tourism venues;
- leisure and sports facilities; and
- community facilities.

4.4.3 Grant awards were specified by BEIS in the guidance for the schemes as follows:

- RV up to £15,000: £1,334 per 28-day qualifying period / £2,001 per 42-day qualifying period;
- RV of over £15,000 and less than £51,000: £2,000 per 28-day qualifying period / £3,000 per 42-day qualifying period; and
- RV of £51,000 and above: £3,000 per 28-day qualifying period / £4,500 per 42-day qualifying period.

Where schemes were only in place for shorter periods then the grant amounts were paid on a pro rata basis.

4.4.4 Funding was provided to the Council based upon the payments made to eligible businesses within the city. Across these schemes over 7,200 payments totalling £12.280m were made.

4.5 Local Restrictions Support Grant (Sector) (1-4 Nov, 2-30 Dec 2020)

4.5.1 This grant was open to a very small number of businesses for those business sectors occupying business premises in the ratings list that have been required to close on a national basis since 23 March 2020 i.e.

predominantly nightclubs and discotheques.

4.5.2 Payment levels under this scheme were set by Government. The amounts referred to below were the levels set by Government for a 14-day period:

- Rateable value (RV) up to £15,000: £667 per 14-day qualifying period
- RV of over £15,000 and less than £51,000: £1,000 per 14-day qualifying period
- RV of £51,000 and above: £1,500 per 14-day qualifying period

Grant payments were paid to businesses on a pro-rata basis for the periods of time during which the scheme was operating where this was not an exact 14 day period.

4.5.3 Five payments were made totalling £1,300 under this scheme. It is important to note that these businesses were also covered by and supported through other grant support schemes.

4.6 Closed Businesses Lockdown Payment (5 Jan 2021 onwards)

4.6.1 The Closed Businesses Lockdown Payment provided a one-off top up grant for all businesses, which are the rateable occupier and had been mandated to close by Government during national restrictions, that provide direct in-person services from their business premises and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

4.6.2 Grant awards were specified by BEIS in the guidance for the scheme as:

- RV up to and including £15,000: £4,000;
- RV of over £15,000 and less than £51,000: £6,000; and
- RV of £51,000 and above: £9,000.

4.6.3 Funding was provided to the Council based upon the payments made to eligible businesses within the city. Across this scheme almost 1,700 payments totalling £8.001m were made.

4.7 Christmas Support Payment for wet-led pubs

4.7.1 The Government announced the introduction of additional support over the festive period for wet-led pubs in areas under Tier 2 or 3 restrictions, which applied to Sunderland. Government clarified that wet-led pubs were those that do not derive 50% of their income from food sales, that they should be open to the general public and allow free entry other than when occasional entertainment is provided, that allow drinking without requiring food to be consumed, and that permit drinks to be purchased at a bar.

- 4.7.2 A flat rate one-off grant of £1,000 was payable for each eligible pub. A total of 142 wet-led pubs were supported with a value of £142,000.

4.8 Restart Grants (1 April 2021 onwards)

- 4.8.1 In the March 2021 budget, the Government announced the provision of further funding to support businesses predominantly reliant on delivering in-person services for the general public at their business premises through Restart Grants. Government also confirmed that these grants could not be paid until 1 April 2021. There were two strands to this grant scheme:

Strand 1 (non-essential retail) One-off grants of up to £6,000 paid to non-essential retail business premises, to help them reopen safely.

Strand 2 (other sectors) One-off grants of up to £18,000 paid to hospitality, accommodation, leisure, personal care and gym business premises, which might open later under plans set out in the Government's roadmap and were expected to be more impacted by restrictions when they did reopen.

- 4.8.2 Grant awards were specified by BEIS in the guidance for the scheme as:

Strand 1 - Non-essential retail:

- RV up to and including £15,000: £2,667
- RV of over £15,000 and less than £51,000: £4,000
- RV of £51,000 and above: £6,000

Strand 2 - Other Sectors:

- RV up to and including £15,000: £8,000
- RV of over £15,000 and less than £51,000: £12,000
- RV of £51,000 and above: £18,000

- 4.8.3 Funding has been provided to the Council based upon the payments made to eligible businesses within the city. Across this scheme over 1,700 payments totalling £12.393m have been made.

4.9 Business Rates Reliefs (2021/22)

- 4.9.1 As with 2020/21, Government announced a set of extended business rates reliefs to support those businesses most severely impacted by the pandemic in 2021/2022. The business rates reliefs are less than those in 2020/21 and were to be provided to:

- shops;

- restaurants, cafés, bars or pubs;
- cinemas or music venues; and
- hospitality or leisure businesses - for example, a gym, a spa, a casino or a hotel.

4.9.2 The amount of business rates relief to be provided is:

- 100% for the first 3 months of 2021/2022; and
- 66% for the rest of the 2021 to 2022 tax year - up to a total value of £2 million. To note, if a business was legally allowed to open during the national lockdown starting 5 January 2021, the value of the relief for the period 1 July 2021 to 31 March 2022 is capped at £105,000 rather than £2 million.

4.9.3 Separately, nurseries were also provided with additional business rates relief during 2021/2022 on the following basis:

- 100% for the first 3 months of 2021/2022; and
- 66% for the rest of the 2021 to 2022 tax year - up to a total value of £105,000.

4.9.4 In total, the Business Rates team have awarded reliefs totalling over £18.264m to 1,525 eligible properties for 2021/2022.

5.0 Additional Restrictions Grant

5.1 The Department for Business, Energy and Industrial Strategy (BEIS) announced the Local Authority Additional Restrictions Grant (ARG) Fund on 31 October 2020. As with the earlier Discretionary Fund, the Government set out guidance and eligibility criteria on its use and highlighted a number of priority areas for consideration, but the Council had discretion on how the funds were allocated, in order to address local need.

5.2 The initial amount of funding provided to the Council was £5,554,100. However, due to continued restrictions, two further ARG payments were received; £2,466,868 announced on 5 January 2021, which was followed by £1,168,624 announced 3 March 2021. The latter payment was conditional on 100% of the two earlier allocations being spent and all funding is to cover the period to 31 March 2022

5.3 A number of schemes were developed to support a wide a range of businesses impacted by the restrictions in place locally in the city from 18 September 2020 and nationally from 2 November 2020. The schemes were developed to support as many businesses as possible within the scope of funding available. In Sunderland, 1896 business have benefited from the allocation of ARG funding, across the various schemes administered.

- 5.4 ARG funding in Sunderland has been used in the main to support those businesses not eligible for the mainstream Government funding. Each ARG funded scheme was developed and delivered at pace, with criteria set to ensure the businesses most in need received the funding. The schemes funded by ARG which were delivered in Sunderland between October 2020 and July 2021 are set out below.
- 5.5 **ARG Extended Support Grants** were initially paid to businesses in the categories below that did not meet the criteria for the mainstream LRSG funding. This was on a like for like basis to the grants available through LRSG, using rent as a proxy for business rates where a business did not have a Rateable Value (R.V).
- Businesses which met all other eligibility criteria for the Open / Closed and Closed Business Lockdown Payments (CBLP) schemes but who do not have their own Rateable Value and are not home-based businesses.
 - Businesses which directly supply to the Hospitality, Accommodation and Leisure (HAL) sectors and which had been severely affected by mandatory closures during national lockdown measures.

The intention of these grants was to support businesses based in commercial property, and therefore with the most significant property costs. Where a R.V was not available, businesses needed to demonstrate lease costs of £250 per month or more, ensuring the initial support was targeted at those most impacted with the highest fixed costs. Applications closed for this support on 18 February 2021 to enable the delivery of the following schemes with the remaining funds.

- 5.6 **Covid Resilience Grants** were open to all businesses significantly impacted by Covid-19 restrictions, regardless of sector, with a R.V or monthly rental costs of £250 per month or more. In total, 468 businesses were supported with grants of £5000, £7500 or £10,000 depending on their R.V and using rent as a proxy when there was no business rates assessment. The scheme closed for applications on 19 March 2021.
- 5.7 **Taxi Driver Grants** were paid to all eligible taxi drivers licensed to operate in the city, of which 961 successfully applied. Two payments of £500, totalling £1000 per driver were made to reflect the impact on the sector from the restrictions and their significance in supporting vulnerable people in the city. The second payment was made automatically, without the need for a second application, on 22 April 2021 following the receipt of the second phase of ARG by the Council. The Business Investment Team worked closely with the Licensing Team and Business Support to administer the scheme and all taxi drivers were contacted to alert them to the availability of funding. The scheme closed for applications on 31 March 2021.
- 5.8 **Covid Support Grants** were paid to 189 home based, mobile and face-to-face businesses mandated to close in Hospitality, Accommodation and Leisure (HAL) sectors, including the direct supply chain. An initial payment of £2000 per business was made with a further payment of £500, totalling £2500 per business. The payment rates reflected the lower fixed property

costs of these businesses compared to the earlier schemes. The scheme closed for applications on 18 April 2021.

- 5.9 **Restart Extension Grants** were paid to all eligible businesses who had applied for the ARG Extended Support Grant scheme. All businesses received the equivalent of mainstream Tier One Restart Grants, regardless of sector, due to the limited funding available. Payments of £2667, £4000 or £6000, depending on R.V or rent as a proxy, were made to all eligible applicants who applied for the ARG Extended Support Grant.
- 5.10 **ARG (Open) July Grants** were paid to businesses in HAL and the direct supply chain who remained impacted by the extended restrictions in place until 18th July 2021. These grants were paid at the rate of the Government's previously used 28 day Open grant: £934, £1400 or £2100 to businesses in commercial property, using their R.V or rent as a proxy. Payments were also made to eligible HAL businesses who had applied to the Covid Resilience Grant scheme at a rate of £934, and to eligible businesses who had applied to the Covid Support Scheme at a rate of £500. These payments were made from the third allocation of ARG funding from Government.
- 5.11 **Businesses most significantly impacted by continued restrictions** received the final allocation of ARG funding in July 2021. Through intelligence gathered from discussions and feedback with the business community, these businesses were identified as Travel Agents, Theatres, Live Music Venues and Nightclubs. Payments of £7000, £12000 or £17,000 were made depending on R.V.
- 5.12 To date over 5,500 ARG payments have been made with a value of £9.157m leaving a small balance of c. £32,000 which will be allocated ahead of the deadline set by Government of 31 March 2022.

6 Wider Covid-19 Business Support

- 6.1 The Business Investment Team have liaised with over 1360 businesses across all sectors since early March 2020 as part of the Covid-19 response. This has included supporting them to access Government grants where they were eligible, as well as signposting them to other forms of support including the Self Employment Income Support Scheme (SEISS), Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Scheme (CLBILS), the Bounce Back Loan Scheme (BBLs), the Kickstart scheme and the North East LEP Restart and Recovery Grant Scheme.
- 6.2 Businesses in the city have also taken up the opportunity to furlough staff through the Covid Job Retention Scheme. Nationally, data issued by HMRC in August 2021 (the most recent data available at the time of writing, which refers to the end of 30 June 2021) indicates that 539,800 employers were at that point furloughing staff with a total of 1,857,400 employees furloughed. This data indicates that the North East Region has 64,000 people on furlough, including 31,000 within Tyne and Wear, with 9,200 Sunderland residents

identified as being in furloughed employment. The furlough scheme is set to end on 30 September 2021 and during August and September the Government's contribution is reduced to 60%, with employers paying 20%.

- 6.3 Throughout the pandemic staff in the Business Investment Team and Finance have monitored Government guidance and business support interventions on a regular basis. This ensured that the most up to date information could be communicated with businesses as quickly as possible, and that we could help them to access whatever support was available to assist them during these very challenging times. This approach continues to date.
- 6.4 Throughout the pandemic the Council has continued to share weekly feedback from businesses with Government both through the co-ordinated NE local authorities' approach and through the NE Local Enterprise Partnership. This has in turn been fed into the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Business Energy & Industrial Strategy (BEIS) respectively.

7. Recommendations

- 7.1 The Scrutiny Committee is asked to note the information included in this report, and to consider and comment on the contents.

8 Glossary

- 8.1 None

9 Background Papers

- 9.1 None