



City of Westminster Cabinet Member Report

Decision Maker(s):	Cllr Paul Swaddle OBE, Cabinet Member for Finance and Smart City
Date:	4 February 2022
Classification:	General Release
Title:	Additional Restrictions Grant (ARG) Scheme – Tranche 4 - proposal to utilise the ARG top-up allocation to support Omicron impacted business groups
Wards Affected:	All
Financial Summary:	The cost of the Additional Restrictions Grant scheme will be met from fixed funding allocations from Central Government. There will be no financial implications for the Council.
Report of:	Debbie Jackson, Executive Director – Growth, Planning and Housing Gerald Almeroth, Executive Director – Finance and Resources

1. Executive Summary

- 1.1 This report seeks approval to utilise the tranche 4, Additional Restrictions Grant (ARG) top-up allocation to administer a grant scheme to support the most impacted business groups owing to the spread of the Omicron variant and the coinciding Winter Plan B restrictions imposed by the Government in December 2021.
- 1.2 The Council has discretion to use ARG funding as it sees fit to provide support to local businesses who are most in need of it. The recommendation within this report aligns with the Department for Business Energy and Industrial Strategy's (BEIS) latest guidance and has identified the most appropriate methods of administration of the ARG funding based on the local economic need.
- 1.3 The Council received its fourth ARG funding allocation from BEIS totalling £2,209,369 on 7 January 2022. This is following the Chancellor of the Exchequer's announcement on 21 December 2021 confirming a new package of support for hospitality and leisure sectors which have been the most impacted business groups by the new Omicron variant. The Council also

received its funding allocation for the Omicron Hospitality and Leisure grant scheme totalling £14,124,333 for ratepayer businesses within these sectors.

- 1.4 This ARG allocation must be defrayed by 31 March 2022 as per the guidance issued by BEIS. If the Council's funding allocation is not defrayed by this date it will be subject to recovery by Central Government.

2. Recommendation

- 2.1 That the proposal as outlined in Section 5 of this report is approved:
 - Utilise the ARG tranche 4 top-up allocation to award top-up grants to eligible business groups through ARG rounds 1 and 2.
- 2.2 That delegated authority be granted to the Executive Director for Finance and Resources and the Executive Director for Growth, Planning and Housing in the event of underspend to:
 - Accordingly re-allocate funding from ARG tranche 3, or tranche 4 to any approved ARG scheme to be able to meet the 31 March 2022 defrayal deadline date.

3. Reasons for Decision

- 3.1 The proposals outlined in section 5 of this report seek to provide the most appropriate methods to administer the ARG funding and ensure that the right type of support is provided to the most impacted business groups of the Omicron variant, whilst meeting the deadline date set by BEIS of 31 March 2022 for the full funding allocation to be defrayed.
- 3.2 The delegated authority decision will negate the need for a subsequent Cabinet Member Report to be produced should the funding allocations attributed to the various proposals have to be revised and will mitigate risk of funds not being fully spent and defrayed by 31 March 2022.

4. Context and Current Position

- 4.1 The circumstances surrounding the pandemic have significantly changed and the impacts of the new Omicron variant on the economy have become apparent. With the rising number of Omicron cases resulting in a significant number of staff absences across the board coupled with the Prime Minister's Winter Plan B restrictions that were implemented in December, this has resulted in a decline in trade and profit-making ability for the hospitality and leisure industries in particular, given their reliance on footfall. It is known that these sectors would have been heavily reliant on the Christmas and New Year's period to generate their profits and to make inroads from lost income during the pandemic, instead the Omicron variant has meant the pandemic is once again having a crippling impact on the sectors and for many, brought trade to a halt.

4.2 Central Government has identified Hospitality and Leisure as two of the hardest-hit sectors as a result of the Omicron variant and have therefore announced a package of grant support called the Omicron Hospitality and Leisure grant which will support all ratepayer businesses within these sectors. The Council is currently in the process of developing the application process for this scheme.

5. Proposals for allocation of ARG tranche 4

5.1 Guidance issued by BEIS to all Local Authorities states the following to note:

- 24. *“Funds that have not been fully defrayed from the Local Authority’s bank account by 31 March 2022 will be subject to recovery. For the avoidance of doubt, Local Authorities need to manage their application and payment process to achieve all spend by 31 March 2022, as payments after this date will not be allowed in any circumstances”.*
- 28. *“Local Authorities are encouraged to support businesses from all sectors that may have been severely impacted by restrictions, or by the Omicron variant, including those outside of the business rates system. These may include, but are not limited to: hospitality, accommodation, leisure, personal care, the travel and tourism sector, including group travel, travel agents and tour operators, coach operators, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), gyms, and other businesses that may have not received other grant funding”.*

5.2 As most of the ratepayer businesses within the above-named business groups will be supported through the Omicron Hospitality and Leisure Grant scheme, it is proposed that mostly non-ratepayer businesses that fall within these business groups, will be prioritised for the ARG top-up allocation (round 5).

5.3 The previous Cabinet Member Report sought Cabinet Member approval for delegated authority to be granted to officers to accordingly determine the reallocation of ARG funding from tranche 3 to alternative ARG schemes in the event of underspend.

5.4 Executive Directors have approved the withdrawal of the “Cleaner and Greener Recovery Scheme” from tranche 3 and have reallocated the £700,000 which was initially ringfenced for this scheme into the tranche 4 ARG top-up allocation which was received by us from BEIS on 7 January 2022. This brings the total funding envelope for tranche 4 from £2,209,369 to £2,909,369.

5.5 Proposal to utilise the ARG tranche 4 top-up allocation to award top-up grants to eligible business groups through ARG rounds 1 and 2.

5.5.1 Ratepayer businesses in Westminster who have been deemed eligible for support through the Government’s mandatory Covid-19 business support grant schemes have received approximately four times more support than the average non-ratepayer business.

5.5.2 It is therefore proposed that the ARG top-up allocation will be utilised to support non-ratepayers within the impacted sectors, namely, previous recipients from rounds 1 and 2 of the ARG scheme as these have been the hardest-hit business groups by the Omicron variant. This would also align with the business groups outlined within the BEIS ARG guidance. Recipients of ARG rounds 1 and 2 comprise the following eligible business groups:

- Market traders
- non-ratepayer retail, hospitality and leisure businesses
- Ratepayer and non-ratepayers supplying first tier retail, hospitality and leisure businesses
- Ratepayer and non-ratepayer businesses in the events sector

5.5.3 Whilst retail as a sector, has not been included within the eligibility criteria for the Omicron Hospitality and Leisure Grant, it is evident that the impacts of this variant have been significantly felt by the sector. The reliance on footfall, and both having to operate with lower staffing capacity due to absences owing to the Omicron variant, have no doubt impacted the sector's ability to generate profits. Additionally, BEIS have advised local authorities to exercise their discretion to support the most-impacted business groups based upon the local economic need.

5.5.4 It is proposed that the ARG tranche 4, round 5 top-up scheme will seek to replicate the value of grant support being administered to eligible ratepayer businesses through the mandatory Omicron Hospitality and Leisure grant scheme. The grant values for the mandatory scheme in accordance with the rateable value thresholds are set out below:

RV £15,000 or below: £2,667
RV £15,001 - £50,999: £4,000
RV £51,000 and above: £6,000

5.5.5 It is therefore proposed that grant awards of £4000 will be available to each eligible business through ARG tranche 4 round 5. This would mirror the mid-point grant value for ratepayers through the Omicron Hospitality and Leisure grant scheme. These grants will be applied as top-ups to eligible businesses as outlined in section 5.5.2.

5.5.6 Ratepayer businesses that fall within the events sector that are eligible for support through the mandatory scheme (Omicron Hospitality and Leisure grant) will be ineligible to apply for the ARG top-up scheme (round 5).

5.5.7 Eligible businesses will be contacted by the Council to complete an application form and to self-certify their eligibility for ARG round 5 scheme, as per the ARG guidance set by BEIS. The scheme will be operated on a first-come, first-served basis, therefore businesses who do not correctly submit their applications to the Council in good time, may be at risk of not being able to access grant support in spite of meeting the eligibility criteria. As the funding pot is limited and with the defrayal deadline date fast approaching, the scheme will have to be administered in accordance with this adopted approach.

- 5.5.8 It is also proposed that the funding allocation will be available as a contingency fund to continue to support ratepayer businesses who had outstanding, unresolved cases that hindered them from applying for the previous ratepayer schemes. As per the recommendation within the ARG guidance, it is crucial that ratepayer businesses who have yet to have their cases determined, are still able to access this support through the ARG fund.
- 5.5.9 In order to assess how much funding can be allocated to the ARG round 5 grant scheme, it is proposed that a cut-off date of 28 February 2022 is implemented for any applications to be submitted from ratepayers outlined in section 5.5.7. Following this, the Council will be able to determine how many businesses can be supported through the ARG round 5 scheme.
- 5.5.10 In the event that there are no requests received from ratepayer businesses as outlined under section 5.5.7, this would result in 727 top-up grants that would be made available through ARG round 5, based on a £4000 grant award.

6. Financial Implications

- 6.1 The ARG grant scheme is funded by fixed allocations of Central Government funding. The Council's proposals for the discretionary scheme as outlined in this report will ensure that the funding envelope is not overspent. Therefore, there will be no direct impact on the Council's financial position.
- 6.2 Central Government have committed to provide New Burdens funding to assist with the cost of administering this scheme.

7. Legal Implications

- 7.1 Localised restrictions are legally binding restrictions imposed on specific Local Authority areas or multiple Local Authority areas, where the Secretary of State for Health and Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures.
- 7.2 The grant scheme outlined in this report offers support to businesses that have been required to close or have been severely impacted because of the formal publication of such local restrictions. The exercise of discretion for Local Authorities making payments under these grants is outlined within the report.

8. Consultation

- 8.1 This report relates to all Wards and there is therefore no requirement for separate Ward Member consultation.

9. Outstanding Issues

- 9.1 There are no outstanding issues.

If you have any queries about this report, please contact:
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