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Report of: *Executive Director of Resources*

Report to: *The Leader*

Date of Decision: *13th January 2022*

Subject: *Omicron Business Grants*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
• Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
• Affects 2 or more Wards		<input checked="" type="checkbox"/>		
Which Executive Member Portfolio does this relate to? Resources and Place				
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 801				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>				

Purpose of Report:

This purpose of this report is to set out the process for and to seek approval to implement an extension to the existing discretionary Additional Restrictions Grant scheme in accordance with this report and enter into a Funding Agreement with the South Yorkshire Mayoral Combined Authority to fund the Omicron Hospitality and Leisure Grant scheme.

Recommendations:

- 1) Accepts the amount of Additional Restrictions Grant (ARG) provided by the South Yorkshire Mayoral Combined Authority for this scheme
- 2) If not provided direct as a s.31 grant accepts the Omicron Hospitality and Leisure Grant funding provided by the South Yorkshire Mayoral Combined Authority for this scheme
- 3) Approves the ARG scheme as set out in section 1.3.3
- 4) Where not already covered by the Leaders Scheme of Delegation, delegates authority to the Executive Director of Resources in consultation with the Executive Member for Finance and Executive Member for Inclusive Economy, Jobs and Skills to take decisions to implement the scheme as outlined in this report and receive any further allocations of ARG and develop and implement business support schemes within the ARG guidance available at that time.

Notes the implementation of the Omicron Hospitality and Leisure Grant scheme as required by Government

Background Papers:

- 1) *Additional Restrictions Grant Guidance for Local Authorities (updated 30 December 2021)*

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: M Wassell
	Legal: David Hollis
	Equalities: Annemarie Johnson
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>
2	EMT member who approved submission: Eugene Walker
3	Executive Member consulted: Cate MacDonald Paul Turpin
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.

	Lead Officer Name: Ben Morley	Job Title: Head of Programmes and Accountable Body
	Date: 11/01/2022	

1. PROPOSAL

1.1 On 21st December 2021 the Government announced the release of £1bn in support for businesses most impacted upon by Omicron across the UK. Specifically, two schemes were announced:

- Omicron Hospitality and Leisure Grant Fund (OHLG)
- A £102m top up to the existing Additional Restrictions Grant (ARG) fund to be distributed to Local Authorities who will have discretion to allocate this funding to businesses most in need.

All grant applications must be submitted by the end of February and paid by the end of March.

1.2 Omicron Hospitality and Leisure Grant

The OHLG is for rate-paying businesses in the Hospitality, Accommodation and Leisure (HAL) sectors and will provide one of grants of up to £6,000 depending on the property's rateable value. The Council is being directed by Government to provide this grant and there is no discretion in the provision of this grant. Funding will either be provided via a S.31 grant direct to the Council or via a Funding Agreement with the SYMCA. Criteria worth noting include:

- The business must have been occupation of the property and trading on 30th December 2021
- The business must offer in-person services, where the main service and activity takes place in a fixed rate-paying premises, in the HAL sectors. As such businesses that rely on internet trade or are largely takeaways will not be eligible.

Based on previous grant schemes it is anticipated that up 1,500 businesses might benefit from an OHLG grant. The cost of the scheme will be 100% covered by Government with the cost wholly determined by the number of grants paid rather than a pre-determined budget.

1.3 Additional Restrictions Grant

1.3.1 The ARG funding is discretionary, but Government guidance clearly encourages Local Authorities to provide direct grants to businesses that have been severely impacted by restrictions, or by the Omicron variant, including those outside of the Business Rate system.

1.3.2 Unlike OHLG there will be a fixed budget which is allocated to the South Yorkshire Mayoral Combined Authority (SYMCA). Previous ARG allocations to Sheffield businesses totalled nearly £23m but this new allocation it is expected to be up to £0.8m. With such limited funding available in comparison to previous amounts the ability to support all

sectors affected by Omicron with a meaningful grant is severely constrained.

1.3.3 Taking account of the guidance and funding available the proposed ARG scheme is as follows:

- a) OHLG for non-rate payers - This scheme would support non-rate paying business with fixed commercial property costs with grants of equal value to rate payers. This approach repeats previous Covid grant interventions when discretionary funds have been available. An initial estimate is that there will be at least 150 businesses supported through this scheme.
- b) International Travel Businesses – The international travel sector has been severely impacted by both Omicron but also previous travel restrictions that were in place even when no domestic restrictions were applicable. It is therefore proposed to introduce a scheme specifically for this sector (either occupying commercial property or home based). Grant values will again align with those being provided to rate payers under the OHLG scheme.

Should any ARG funds remain once all applications have been received it is proposed that this remaining balance is used to 'top-up' both OHLG and ARG recipients with a proportional level of grant ahead of the scheme closedown on 31st March. This will ensure that the full allocation of ARG is made available to support Sheffield based businesses.

1.3.4 ARG funding will be provided by Central Government but will be made available through an extension of an existing Funding Agreement with the South Yorkshire Mayoral Combined Authority.

1.3.5 It remains uncertain whether further allocations of ARG will be made. Should this be the case and to ensure quick implementation it is recommended that all future decisions associated with ARG are delegated to a Senior Officer in consultation with relevant Executive Members where not already covered by the Leaders Scheme of Delegation.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The ARG provides direct grant funding to small businesses and organisations that have been detrimentally impacted upon by restrictions and the Omicron Variant.

2.2 The grants will represent financial support to eligible businesses and organisations at a time of unprecedented economic hardship and will help them survive and continue to operate until normal trading conditions return. As such, the grants will contribute to business survival and jobs retention in the local economy. This will have immediate positive and direct economic and social benefits to many Sheffield residents.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The use of ARG funding is at the request of Government and such there is no requirement to consult on the principle of the Scheme.
- 3.2 The detailed ARG criteria will be developed in line with the guidance provided by Government. The Executive Member for Finance and Executive Member for Inclusive Economy, Jobs and Skills will be involved in the development of the criteria.
- 3.3 There has been ongoing consultation with the three other SCR Local Authorities and the SCR Executive to develop a scheme that shares principles across the region.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 An assessment of the Equalities impacts has been previously undertaken in respect to discretionary Covid grants for business. The following were noted:

- Grants will be available to all eligible applicants and will enable some smaller businesses and organisations to access support that were not able to secure a grant under the OHLG.
- The grants are likely to be positive for financial inclusion as it will look to protect jobs and investment in the local economy. The funding will largely support the hospitality and leisure sector which have a high proportion of employees who are in the younger age group, women and/or BAME.
- There are no negative equality impacts identified.

4.2 Financial and Commercial Implications

- 4.2.1 Key features (not exclusive) of the grant terms and condition for both grants are summarised below, and the Grant Manager(s) will need to read, understand and comply with all of the grant terms and conditions and ensure that there are no ongoing, unfunded costs once the grants have ended:

4.2.2 Omicron Hospitality and Leisure Grants

Detailed guidance has been provided by Government as to how the OHLG funding should be utilised. There is no discretion as to how the funding is distributed in terms of the eligible recipients and the level of grant provided.

The Council will be funded to deliver OHLG via a grant of £9.043m given to SYMCA of which SCC will receive the appropriate share (tbd). The estimated grant is expected to cover the full cost of the scheme however

upon completion there will be a reconciliation process to ensure the Council is in receipt of the correct level of funding to cover the actual cost. Key grant features are summarised as follows:

- Grants up to £6k paid to business rate payers whose premises are mainly used for the hospitality, accommodation or leisure.
- Comply with monitoring/reporting requirements.
- Grant cannot be used to cover expenditure outside of the scheme.
- Grant subject to clawback if terms/conditions are not complied with
- Applies from 30th December 2021 and is not retrospective.
- The scheme closes for applications and award decisions on 28th February 2022 and all final payments must be defrayed by 31st March.
- Undispersed funds must be returned to BEIS.
- Businesses to self-certify they meet eligibility criteria and LAs to verify.
- SCC must be satisfied that all subsidy allowance conditions are legally compliant with the relevant law and seek advice on subsidy control compliance/ retain appropriate evidence (see full details in guidance).
- LAs to retain records of all grant awards, payments, assurances etc for at least 7 years
- BEIS may vary the terms/close schemes with immediate effect

4.2.3 **Additional Restrictions Grant**

BEIS will provide a grant of £1.722m to SYMCA of which SCC is estimated to receive up to £0.8m. Key grant features are summarised as follows:

- No amendment to the scheme unless agreed by BEIS
- Grant cannot be used for expenditure outside of scheme guidance and only for the purposes of direct business grants
- ARG guidance applies until 31/3/22.
- Paid to SYMCA on behalf of LAs and SYMCA subject to same conditions /guidance as LA.
- Grant not fully defrayed by SCC's by 31/3/22 will be recovered.
- LAs must manage the application/payment process to achieve all spend by 31/3/22 as no payments after will not be allowed after.

- All businesses applications to certify they meet eligibility criteria.
- No restriction on the no of grants a business may receive, subject to subsidy limits.
- Grants to individual businesses are subject to subsidy allowances.
- Comply with State Aid /subsidy requirements (as per guidance)
- Businesses that have already received grant equal to maximum subsidy are not eligible.
- LAs must have pre/postpayment assurance processes in place to assure all grants and must retain evidence of such.
- Comply with monitoring and reporting requirements
- Grants provided shall not be cumulated with other subsidies for the same costs.
- BEIS may vary the terms or suspend/close the schemes with immediate effect, without notice.
- Retain grant records as PER funding guidance (at least 7 years)

4.3 Legal Implications

- 4.3.1 The OHLG funding will either be paid to the Council via Section 31 of the Local Government Act 2003 or via a Funding Agreement with the SYMCA.
- 4.3.2 A grant under S.31 may be paid on such conditions as the person paying it may determine including provision as to the use of the grant and provision as to circumstances in which the whole or part of the grant must be repaid.
- 4.3.3 ARG funding will be made available by a Funding Agreement with the SYMCA and will take the form of an existing Agreement for previous rounds of ARG.
- 4.3.4 Any Funding Agreement with SYMCA will require the Council to comply with the conditions and the eligibility criteria as detailed within the grant guidance and provides a claims mechanism.
- 4.3.2 The Council has no specific powers to pay the grants so can rely upon the general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do (which would include providing grants) provided it is not prohibited or restricted by other legislation.
- 4.3.3 The grants are deemed to represent Subsidy Control and the United Kingdom remains bound by its international commitments, including

subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the European Union.

The ARG guidance sets out three Subsidy Control schemes that are required to be applied to the ARG grants. Sample declarations have been provided which the Council is able to use which businesses and organisations that are awarded a grant through this scheme will have to complete to confirm that they are eligible for this aid.

- 4.3.4 The Council will need to consider appropriate checks to determine the eligibility of any applicant. In applying for a grant, the applicant must be made aware of the right of the Council to clawback some or all of funding where the applicant has submitted a misleading or fraudulent application or where the Council has made a payment in error. As part of the application process the applicant will have to confirm that all the information they have provided is true and accurate and that they agree to the Council clawing back the funding as detailed above if this is found to not be the case.

4.4 Other Implications

Human Resources, IT and Accommodation

- 4.4.1 The implementation and delivery of the OHLG and ARG schemes will be overseen by the Business Rates Team, Finance & Commercial Services and the Programme and Accountable Body Team, City Growth.
- 4.4.2 Given the experience of delivering the previous Covid business grants it is considered that the current resource will only be able to cope with the OHLG and a simple ARG scheme that requires minimal assessment within the time available.
- 4.4.3 Should additional support be required a skills set has been prepared so that staff can be identified and made available to support the two main teams. This support may be required at short notice and will likely be required for four to six weeks from the start of February.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Do-Nothing

Considering the need to support businesses and organisations as part of the response to the economic crisis resulting from the Omicron variant and that the ARG will be at no cost to the Council there is no reason not to implement the grant scheme.

5.2 Other Sector Support

Consideration has been given to providing ARG grant to other business sectors impacted upon by restrictions and Omicron. However, these have been discounted for a number of reasons including:

- a) The amount of funding available after delivering the grants identified in 1.3.3 would likely lead to very small value grants being made available.
- b) The impact on other sectors is mixed and would require detailed assessment to determine actual loss of income. The time to establish and implement a fair assessment process would jeopardise the ability to defray all the funding within the timescale available.

It is worth noting that several other Business Rate Relief schemes are in development that might provide support to businesses that are not eligible for this round of ARG and OHLG support. These schemes include:

- Extension of Transitional Relief
- Extension of Supporting Small Business Relief
- Covid-19 Additional Relief Fund (CARF)
- 2022/23 Retail Hospitality and Leisure Relief Scheme

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Council has been requested by Government to implement a grant scheme to support small businesses and organisations that have been severely impacted upon by restrictions or the Omicron variant.
- 6.2 The grants will provide financial support to businesses who suffered a loss on income as a result Covid-19. It is intended that the ARG grants will enable local businesses to survive over one of their busiest periods and return to normal trading later in the year and in doing so maintain jobs and support the Sheffield economy.