

RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY

PART 1 – PUBLIC DOCUMENT

Any interest to declare/ or conflict and any dispensation granted [*if applicable*]

SERVICE DIRECTORATE: CUSTOMERS

1. DECISION TAKEN

- 1.1 That the scheme at Appendix 1 is approved as the Council's Additional Restrictions Grants (ARG) Scheme 2022
- 1.2 That any technical amendments as well as determining the level of awards under this scheme are delegated to the Service Director – Customers in consultation with the Executive Member for Finance & IT.

2. DECISION TAKER

- 2.1 Anthony Roche, Managing Director

3. DATE DECISION TAKEN:

- 3.1 20 January 2022

4. REASON FOR DECISION

- 4.1 To ensure that the financial support provided by the Government reaches those businesses that qualify as quickly as possible.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 To follow normal procedures, which would require a decision by Cabinet as per the Constitution terms of reference (5.6.17) This would clearly not be possible if the Council wishes to distribute this support quickly.
- 5.2 The Council has recently received a further top up of its ARG funding and the full amount must be spent by 31 March 2022, any unspent ARG funding must be returned. It is essential that we can start making payments to qualifying businesses as soon as possible to support those sectors who may be struggling due to recent increases in Covid19 cases.

6. CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS AND THE PUBLIC)

- 6.1 The Executive and Deputy Executive Members for Finance & IT have been consulted and are in support of these proposals.
- 6.2 The Chair of Overview and Scrutiny has been consulted on these proposals due to the urgency of the decision being taken.

7. FORWARD PLAN

- 7.1 This decision is not a key decision and has therefore not been referred to in the Forward Plan.

8. BACKGROUND/ RELEVANT CONSIDERATIONS

- 8.1 The Secretary of State for Business, Energy & Industrial Strategy (BEIS) announced on 09th September 2020 (and subsequently amended in October 2020 and November 2020) that grants would be made available to businesses that have been forced to close due to localised or widespread national restrictions being put in place to manage coronavirus and save lives.
- 8.2 The Council received £3.85m from BEIS and developed its discretionary scheme. By June 2021, the Council had distributed all its allocation of funding to businesses that applied and met the eligibility criteria.
- 8.3 As the Council had defrayed all ARG funding by 30 June 2021, a further top up allocation of £1.12m was allocated. At the time the top up was allocated, many businesses had re-opened and restrictions had eased, therefore the Council wanted to explore how best to support the longer-term recovery of local businesses through wider business support, rather than direct grants.
- 8.4 Colleagues in the Economic Development Unit have liaised with other Councils and third parties to identify what wider business support opportunities may be available. Additionally, a telephone survey of circa 1200 local businesses has been carried out to better understand how the Council can use its ARG funding to provide the most effective longer-term support to these businesses.
- 8.5 Whilst the wider business support research has been underway, the new variant, Omicron has led to a significant increase in cases and further impact on businesses both in the run up to the 2021 Christmas period and into the New Year as many customers and patrons chose to cancel plans in response to the rise in cases.
- 8.6 In response to the rise in Omicron cases, Government announced a new scheme on 21 December 2021, The Omicron, Hospitality & Leisure Grant. This is a mandatory scheme for business rate payers; however this scheme excludes leisure centre and gyms, travel companies and coach tour operators, therefore ARG funding will need to be used to support the leisure centres and gyms and others (see 8.11) in North Herts as they have also been impacted.
- 8.7 A further top up of ARG funding of £275,000 has been allocated in January 2022 to provide further support to businesses, in particular those that do not qualify for the Omicron Hospitality and Leisure grant. This top up can only be used for direct grants and not for wider business support.
- 8.8 It is proposed that the ARG funding, currently totalling £1.395m will be allocated to three schemes that the council believe will best support those businesses most impacted, however the allocations proposed will remain flexible and may increase or decrease to ensure the maximum distribution of funding to businesses within the available timeframe.
- Direct Business Advice Service – administered by a third party on our behalf – up to £539,000
 - New Premises Grant – administered by a third party on our behalf– up to £104,000
 - ARG Direct grants – administered by North Herts Council - all remaining funding (approximately £700,000)

8.9 The Direct Business Advice service and grant funding

This service will be administered by a third party, specialising in the provision of direct business support and this funding will cover the cost of specific and general business advice provided to Companies based within the North Herts area. Grants are available to companies of up to £10,000 which can be used to support a range of business packages provided by the third party and its partners. The grant award may be used as the match funding for other grant schemes that are available to the business. The third party are in the process of being appointed to deliver the advice service and will administer and award these grants on behalf of North Herts Council. The total allocation under this scheme will be up to £539,000 which is made up of up to £450,000 in grants for businesses and £89,000 administrative costs.

8.10 The New Premises Grant

This grant will provide a grant award of up to £5,000 per business to reimburse the costs incurred of preparing and moving into a new commercial premise within the North Herts area. The move must have taken place after 01 April 2021 and the costs incurred (invoice date) after 01 July 2021. This grant will cover such expenses as: removal costs, legal fees, redecoration, upgrades in phone/broadband connections. The administration of this grant, which includes gathering the supporting documentation and evidence, will be dealt with by a third party on behalf of North Herts Council at an administrative cost of £200 per application accepted by the scheme. Payment will be paid by North Herts Council, following checks made to ensure that Business Rate accounts are up to date. The total allocation under this scheme will be up to £104,000.

8.11 ARG grants

This scheme will assist business rate-payers that don't qualify for the Omicron hospitality and leisure grants that primarily provide an in-person service such as hairdressers, beauty salons, nail bars, gyms and leisure centres. Applications will also be considered from both business rate-payers and non-business rate-payers where evidence can be provided that there has been an impact on the business.

8.12 The Council wants to support as many businesses within the district as is practicable and will invite applications from rate payers and non-rate payers that can demonstrate they have had a significant loss of income during the qualifying period. In particular the Council will accept applications from coach tour operators, independent travel agents, taxi drivers, those that support the hospitality sector, homeworkers and others that provide in-person services such as mobile hairdressers, driving instructors, personal trainers and sports injury therapists. Larger national chains are excluded from this scheme as they will be in receipt of other financial support or state aid, however, franchises will be considered.

8.13 Applications for the ARG grants must be made via the Council's website and the closing date for this scheme is 28 February 2022. Once all applications have been received, they will be assessed and the amount of award for each eligible business will be determined. An email confirmation of award will be issued, and all payments must be made by 31 March 2022.

8.14 As with previous schemes, certain eligibility criteria must be met, as follows:

- The business must have been trading at 30 December 2021.
- The application must be made online within the advertised application period.
- The application must be supported by the required documentation as set out in the policy and in the application form.
- Only one payment will be made per business, where a business owner has more than one business within the same curtilage.

- 8.10 Applicants will be able to apply via an online application process on our website. The application product, called Ascendant has been procured specifically for the purpose of administering business support grants. The cost of Ascendant has been met from new burdens funding provided to support the administration of the grants.
- 8.11 Ascendant will automate some of the administrative checks that would otherwise be carried out manually, such as checking Companies House and validating bank details. This process will considerably reduce the administrative burden and enable applications to be processed in a timely manner. Whilst the checking process will be automated the final decision on each application will be made by the Revenues team.
- 8.12 As with previous grant schemes these three schemes will be regularly publicised as widely as possible on our website, social media, adverts in the local press and through the Business Improvement Districts, to encourage businesses to apply and access the financial support available to them.

9. LEGAL IMPLICATIONS

- 9.1 On 21 December 2021, the Government announced that further funding will be provided to local authorities as a top up to the previous ARG funding received. This funding was granted specifically to support businesses who have been impacted by the Omicron variant. As a result, and in response to this new funding, the Council has developed the Additional Restrictions Grant Scheme 2022.
- 9.2 The Government is clear in its guidance that the ARG funding is to be used by local authorities to allocate funding through business support grants or through wider business support measures. The top up payment however which was announced on 21 December 2021 is only to be allocated to business support grants and should not be used to fund wider business support measures¹.
- 9.3 Funds that have not been fully allocated by the Council by 31 March 2022 will need to be returned to the government. There is therefore some urgency for the distribution of these funds to the eligible businesses. Section 14.6.5 of the Council's Constitution details the delegation of authority to the Managing Director. 14.6.5 (a) lists the functions delegated to the Managing Director and at 14.6.5 (a) (iv) it states: *In cases of emergency or urgency (where possible in consultation with the Leader of the Council) to carry out any Council or Executive function, power or duty.*
- 9.4 This decision is considered urgent to ensure that the Council can start receiving applications and awarding financial support to eligible businesses that have been impacted by the recent increase in Omicron/Covid 19 cases.
- 9.5 The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU.
- 9.6 There are three subsidy allowances for the COVID-19 Business Grant Schemes as set out below:
- (i) Small Amounts of Financial Assistance Allowance: Grants may be paid in accordance with Article 364(4) of the TCA, which enables an applicant to receive up to a maximum level of subsidy without engaging Chapter 3 of the TCA. This allowance is up to £325,000 Special Drawing Rights, to a single economic actor over a rolling period of three fiscal years (the "Relevant Period"), which is the equivalent of £335,000 as at 2 March 2021.

¹ Paragraph 27, Additional Restrictions Grant Guidance for Local Authorities (updated 12 January 2022)
Additional Restrictions Grant 2022

(ii) COVID-19 Business Grant Allowance: Where the Small Amounts of Financial Assistance Allowance has been reached or an applicant has elected not to receive a grant under this allowance, grants may be paid in compliance with the Principles set out in Article 366 of the TCA and in compliance with Article 364(3) of the TCA under the COVID-19 Business Grant Allowance (subsidies granted on a temporary basis to respond to a national or global economic emergency). This allowance is £1,900,000 per single economic actor.

(iii) COVID-19 Business Grant Special Allowance: Where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding under the COVID-19 Business Grant Schemes of up to £10,000,000 per single economic actor, provided certain conditions are met.

9.7 Local Authorities must ensure the remaining applicable provisions of the subsidies chapter of the TCA are complied with. In particular, the transparency obligations under Article 369.

9.8 Officers have been advised of the need to comply with the Government's guidance at all times (including any updated guidance) when allocating funds/providing support.

10. FINANCIAL IMPLICATIONS

10.1 Funding for this new ARG scheme (2022) amounts to £1.395m. Costs associated with administering the scheme will be covered by the allocation of new burdens funding.

10.2 All ARG funding must be fully defrayed by 31 March 2022, any unspent funding will be subject to reconciliation and must be returned to BEIS.

10.3 There are no direct financial implications to the Council.

11. RISK IMPLICATIONS

11.1 Whilst there is no specific date set to make this live, the intention of Government is that the Council can provide the available financial support to local businesses as soon as possible. All payments must be made by 31 March 2022. Seeking a formal Cabinet decision in this regard will build in unnecessary delay and businesses will continue to suffer financially.

11.2 There could be significant reputational risk to the Council if it is seen to be slow in implementing this assistance to businesses who need the support to be able to re-open safely.

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 The Council is implementing Government policy designed to provide financial support to businesses that have been financially impacted due to the COVID-19 pandemic.

13. SOCIAL VALUE IMPLICATIONS

13.1 *The Social Value Act and “go local” policy do not apply to this decision.*

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no Human Resources implications in this report.

16. BACKGROUND PAPERS

16.1 Department for Business, Energy & Industrial Strategy – Additional Restriction Grant (ARG) Guidance for Local Authorities – Updated 12 January 2022.

17. APPENDICES

17.1 Appendix 1 – Additional Restrictions Grant (ARG) Scheme 2022

NOTIFICATION DATE

21 January 2022

Signature of Executive Member Consulted

(Cllr Ian Albert, Executive Member for Finance and IT)

A handwritten signature in black ink, appearing to be 'I. Albert', written over a dotted horizontal line.

Date 21/01/2022

Signature of Decision Taker

A handwritten signature in black ink, appearing to be 'A. Roche', written in a cursive style.

Anthony Roche, Managing Director

Please Note: that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in.