

# Public Document Pack

## **EMERGENCY DELEGATED EXECUTIVE DECISION**

In accordance with the Leaders decision and noted by Cabinet on 25/03/2020 to delegate to the Chief Executive any executive decision in this COVID 19 Global pandemic emergency or that is urgent or that would be necessary or expedient, or which would otherwise protect the Council's interests, including key decisions.

### **South Lakeland District Council Emergency Delegated Executive Decision Business Support Grants (Omicron response, January 2022)**

Date: 19/01/2022

Reference: 018

#### **Reason for emergency**

The Chief Executive received emergency delegated executive decision making powers on the 25<sup>th</sup> March 2020. It is considered that this decision is necessary or arises from the global COVID-19 pandemic.

The matter is urgent, necessary and expedient and is needed to protect the Council's and that of its community's interests.

The decision is required to be taken due to the Government's recent announcement (21 December 2021) and Grant Offer Letters (dated 07 January 2022) for a new package of financial support grants for businesses arising from the global COVID-19 pandemic (Omicron Hospitality and Leisure Scheme and Additional Restrictions Grants) that will be administered by local authorities for the period 30 December 2021 to 31 March 2022. Funding will be provided by the Government for the new support grants for businesses due to the rapid increase of the Omicron variant, and will apply from the 30<sup>th</sup> December 2021 onwards. The Government Guidance confirms that it is expected that local authorities will provide local businesses with grant funding 'as soon as possible from 30 December 2021.' The Omicron Hospitality and Leisure Scheme will close for applications on 28 February 2022 and all final payments must be made and dispersed to recipients by 31 March 2022. It is therefore necessary for grants to be processed urgently.

It is expected that the payment of grants will ease financial pressures for eligible businesses.

The announcement of new business grants and the time line expected by Government in the delivery of these grants do not allow the Council to delay a decision until the next scheduled Cabinet meeting. It is therefore considered necessary in these circumstances that an emergency executive decision is needed.

This is a Key Decision: **Yes**

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**Portfolio:** Finance and Resources Portfolio Holder  
**Decision Maker:** Chief Executive  
**Report Author:** Gareth Candlin – Operational Lead for Place and Environment (Deputy Chief Officer)  
Ruth Leahy – Specialist (Economy and Culture)  
**Wards:** All  
**Forward Plan:** Exemption from publication requirements / Forward Plan (key decision) requirements and call in obtained

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#### **1.0 Reasons for Proposed Decision and Expected Outcome**

1.1 The recent increase in infection numbers in the UK, particularly linked to the more transmissible Omicron variant has resulted in additional business grants to support

struggling businesses. We require a decision regarding the administration of the grants.

- 1.2 South Lakeland District Council is expected to receive **£9,960,993.00** for the Omicron Hospitality and Leisure Grant (based on a one-off payment to eligible businesses). All funding is provided by Central Government to distribute directly to eligible businesses under this scheme.
- 1.3 A third top up to the existing Additional Restrictions Grant of **£268,566.64** will be made. Guidance, decisions and delegated authority remain in place for this grant scheme (see Emergency Delegated Executive Decision, 20 November 2020). Reference to this income is therefore subject to the corresponding non-executive decision.
- 1.4 The above grants follow the Government-funded COVID-19 related business support grants over the past 22 months:
  - Small Business Grant Fund (SBGF);
  - Retail, Hospitality and Leisure Grant Fund (RHLGF);
  - Local Authority Discretionary Grant Fund (LADGF);
  - Local Restrictions Support Grant (Closed) Addendum (LRSG(C)Addendum);
  - Additional Restrictions Grant (ARG) (three rounds to date, November 2020, January 2021 and June 2021);
  - Local Restrictions Support Grant (Open);
  - Local Restrictions Support Grant (Closed);
  - Christmas Support Payment;
  - Local Restrictions Support Grant (Closed) Addendum Tier 4;
  - Local Restrictions Support Grant (Closed) Addendum 5 Jan-15 Feb and 16 Feb-31 Mar;
  - Closed Business Lockdown Payment (National Lockdown)
  - Restart Grants (to coincide with the easing of restrictions in Spring 2021).
- 1.5 To date, SLDC has been tasked with administering over £148m worth of COVID-19 business support grants to the South Lakeland business community.
- 1.6 This decision will contribute significantly in assisting businesses during the ongoing COVID-19 pandemic, helping with job retention and business viability in difficult circumstances and reducing risk of economic collapse by giving additional resources to businesses within the district.

## **2.0 Proposed Decision**

### **2.1 It is recommended that the Chief Executive:-**

- (1) Approve the Government Omicron Hospitality and Leisure Grant; and**
- (2) That a non-executive emergency decision is taken to confirm appropriate budgets be established outside the approved budget and policy framework to receive the Omicron Hospitality and Leisure Grant funding and distribute funds as per Government guidance; and**
- (3) Agree to delegate the identification, determination and payment of the Omicron Hospitality and Leisure Grants in accordance with the schemes (see Government guidance) to qualifying businesses to the Operational Lead for Place and Environment (Deputy Chief Officer); and**

- (4) **Note and approve the top-up to the Additional Restrictions Grants and agree that a non-executive emergency decision is taken to confirm appropriate budgets be established outside the approved budget and policy framework to receive the Additional Restrictions Grant funding top-up and distribute the funds as per Government Guidance;**
- (5) **Agree to delegate the identification determination and payment of the Additional Restrictions Grants in accordance with Government guidance to qualifying businesses to the Operational Lead for Place and Environment (Deputy Chief Officer); and**
- (6) **Delegates to the Operational Lead for Place and Environment (Deputy Chief Officer), in consultation with the Portfolio Holder for Finance and Resources, authority to make any administrative amends to the aforementioned Omicron and Additional Restrictions schemes to reflect future changes in Government guidance or change in local need.**

<b>Review Date:</b>	<b>30 September 2022</b>
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### **3.0 Background and Proposals**

- 3.1 On 21 December 2021, Government announced the introduction of grant support for hospitality and leisure businesses in England. See announcement here: [£1 billion in support for businesses most impacted by Omicron across the UK - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/1-billion-in-support-for-businesses-most-impacted-by-omicron-across-the-uk)
- 3.2 Recognising that the rise of the Omicron variant means some businesses are likely to struggle over the coming weeks, the government is providing one-off grants of up to £6,000 per premises for businesses in the hospitality and leisure sectors in England under the Omicron Hospitality and Leisure Grant Scheme.
- 3.3 At what is often their most profitable time of year, many pubs and restaurants have seen cancellations and reduced footfall as people responded to the rise in cases ahead of Christmas, with Hospitality UK reporting that many businesses lost 40-60% of their December trade, often their most profitable month.
- 3.4 Around 200,000 businesses will be eligible for business grants across England which will be administered by local authorities; the eligibility criteria are set out in the Government Guidance for the Omicron Hospitality and Leisure grant scheme. Given the uncertain situation faced by businesses, the government has chosen to provide grants which are equivalent to the monthly cash grants provided to hospitality businesses when they were fully closed in 2021, without the requirement to close the business.

- 3.5 The Government has also issued a third “top-up” grant funding payment to the Additional Restrictions Grants. The Government first announced the introduction of ARG funding in 31 October 2020, for Local Authorities under national and Tier 3 restrictions. The Government has since announced a number of ‘top-ups’ to the ARG (05 January 2021, 03 March 2021). On 21 December, the Government announced a further £102 million would be made available through local authorities through a further ‘top-up’ to the ARG, which aims to support businesses severely impacted by the rise of the Omicron variant when most needed. This funding is allocated to Local Authorities based on a per-business calculation. It is intended that the identification of eligible recipients, determination and payment of grants will largely be in accordance with the Scheme previously agreed by Emergency Delegated Executive Decision in 20 November 2020, any revisions to the eligibility criteria will be done so in line with the relevant approvals and based on local economic need.

#### **4.0 Consultation**

- 4.1 A common and consistent approach has been agreed by all District Councils in Cumbria.
- 4.2 A working group of internal officers including specialists and case managers have agreed the process for collecting information and administering payment of grants.
- 4.3 The Portfolio Holder for Finance and Resources, the Leader of the Council and Cabinet have been consulted on the detail of this decision and appended guidance.

#### **5.0 Alternative Options**

- 5.1 SLDC do not accept this funding: this would not comply with the request from Government and would not give critical support to businesses operating within South Lakeland, and therefore this is not a recommended option.
- 5.2 SLDC administer grants to an amount beyond the allocations set out by Government: this is not affordable for the Council, and therefore is not the recommended option. Direct communication with Government will take place should we come near to the grant allocation limit across any of the schemes, so as to avoid any overspending and to ensure that we will be fully reimbursed where grant payments may exceed grant allocations.

#### **6.0 Links to Council Priorities**

- 6.1 Supporting our Economy: To aid job retention and business viability in difficult circumstances; reducing risk of economic collapse and enhancing the culture of the district by giving additional resources to businesses, including eligible cultural organisations, with properties within the district.

#### **7.0 Implications**

##### **7.1 Financial, Resources and Procurement**

- 7.1.1 The Government will make additional funding available to local authorities to address the additional costs incurred by the Council in administering the scheme. The Council will keep record of all expenditure and purchases made on behalf of administering these business support grants.
- 7.1.2 The Government requires that Local Authorities undertake pre-payment checks for all grant payments. This represents a stricter position from the Government than for previous COVID-19 business support grant schemes, and in line with the approach for the most recent grant scheme (Restart and ARG3). The Guidance specifies that checks are required to be undertaken by the Local Authority before any payments are issued to businesses; this is not limited to new applicants. Checks should address both the company and the company’s bank account. Further requirements relating to pre and post payment assurance plans are set out in the Government Guidance (links to which are in the background documents for this report).

- 7.1.3 The Government are funding the entirety of these grant schemes.
- 7.1.4 The Council's Section 151 Officer has been consulted directly on the proposed mechanism for distributing the grant funding.
- 7.1.5 A separate non-executive decision will be taken to address the changes to the Budget and Policy Framework.

## **7.2 Human Resources**

- 7.2.1 There is a need to redirect staff resources from across the Council to assist in processing the grant claims. A considerable dedication of resources will be needed for the ongoing administering of these grants, which may have an impact on the Council's delivery of services elsewhere (or 'business as usual' activity), for at least as long as the Council remains in response mode to the ongoing COVID-19 pandemic.
- 7.2.2 While it falls to the local authority to deliver these grants to businesses on the request of Government, officers are in weekly contact with neighbouring local authority's business grants teams to ensure a consistent approach is taken with administering these business grants, and that good practices are shared amongst colleagues to better improve the efficiency of the grant administration.

## **7.3 Legal**

- 7.3.1 The Council has powers under the Localism Act 2011 to make these payments.
- 7.3.2 The Council has received Grant Offer Letters dated 07 January 2022 from the Department for Business Energy and Industrial Strategy, which contain terms and conditions of both funding schemes. These include for example:
  - a) Ensuring recipients meet the criteria set out in the Government Guidance;
  - b) Compliance with the data monitoring and reporting requirements set out in the Government Guidance;
  - c) Recording and retention of records of individual payments of grants in accordance with GDPR/ data protection legislation;
  - d) Compliance with published Assurance Guidance;
  - e) Ensuring recipients agree to comply with conditions applying to the Grant including circumstances of clawback;
  - f) Complying with transparency obligations / reporting requirements in respect of subsidy control rules.
- 7.3.3 As a result of the UK's exit from the EU (and following the end of the transition period), from 1 January 2021, the subsidy control regime is applicable to Government subsidised business grants. (EU State Aid rules will continue to apply in a minority of cases under the Withdrawal Agreement, specifically Article 10 of the Northern Ireland Protocol). The Council must be satisfied that all subsidy allowance conditions have been fully complied with when making grant payments. The Council will request appropriate confirmation from recipients in respect of awards made (e.g. applicants will be required - via the Council's online application process - to make a declaration with regard to subsidy allowances) and will retain appropriate evidence in support.
- 7.3.4 Government Guidance has clarified that there are three subsidy allowances for the COVID-19 Business Grant Schemes:
  - a) Small Amounts of Financial Assistance Allowance;
  - b) The COVID-19 Business Grant Allowance; and,

- c) The COVID-19 Business Grant Special Allowance (for this allowance, applicants must satisfy a number of further conditions and provide documentation to demonstrate eligibility as set out in the Government Guidance. Local authorities must verify that the applicant meets the criteria set out in this allowance before providing funding under this allowance.)

To make use of allowances (b) or (c) listed above, an applicant must confirm that they were not an 'undertaking in difficulty' (as defined in the Guidance) on 31 December 2019. In the case of small/micro enterprises that were already in difficulty on 31 Dec 2019 there are exceptions provided that the applicant is not subject to collective insolvency proceedings.

7.3.5 The Council will need to comply with the transparency and reporting obligations regarding subsidy control, which are set out in the Trade Co-operation Agreement with the EU. All schemes and individual awards over £500,000 must be reported on the BEIS transparency database within six months of being granted. Any ad hoc awards of at least 325,000 Special Drawing Rights over three years to an individual beneficiary must also be uploaded within six months of being granted. The information to be uploaded must include:

- (a) the legal basis and policy objective or purpose of the subsidy;
- (b) the name of the recipient of the subsidy when available;
- (c) the date of the grant of the subsidy, the duration of the subsidy and any other time limits attached to the subsidy; and
- (d) the amount of subsidy.

7.3.6 BEIS have provided Local Authorities with a template declaration for businesses to complete with regards to the above subsidy allowances prior to receiving the grants. This will be a compulsory requirement under the Council's new online application process.

7.3.7 The Council will also ensure that it has appropriate data protection arrangements in place in line with the GDPR and Data Protection Act 2018.

#### **7.4 Health, Social, Economic and Environmental**

7.4.1 Have you completed a Health, Social, Economic and Environmental Impact Assessment?  
No

7.4.2 If you have not completed an Impact Assessment, please explain your reasons: This has not been deemed as necessary in this instance. The impact of the scheme applies to businesses which are eligible within the district and is vital to prevent many small businesses becoming insolvent following Government guidance being issued regarding limiting close contact and meeting in extended groups which has impacted the hospitality sector significantly. .

7.4.3 Summary of health, social, economic and environmental impacts: N/A

#### **7.5 Equality and Diversity**

7.5.1 Have you completed an Equality Impact Analysis? No

7.5.2 If you have not completed an Impact Assessment, please explain your reasons: This has not been deemed as necessary in this instance, this applies to all those with businesses which are entitled within the district.

7.5.3 Summary of equality and diversity impacts: N/A

#### **7.6 Risk**

<b>Risk</b>	<b>Consequence</b>	<b>Controls required</b>
Grants are not given in	Government will not	Grant applications will be verified to

<b>Risk</b>	<b>Consequence</b>	<b>Controls required</b>
accordance with Government guidance	reimburse the Council for payments made outside the Government schemes	be compliant with Government guidance and business eligibility criteria
Grants are given to fraudulent claimants	Grants are given to businesses or individuals that are not eligible	Series of verification checks within grant process including supporting evidence and using Government tools to avoid fraudulent claims, in conjunction with access to our business rates database to cross check ratepayer information. Fraud Risk Assessment will be completed for all grant schemes
Grants are not issued promptly	Businesses will not receive financial assistance as set out by Government	Online portal developed for efficient application of grants, staff trained and in place to verify and approve applications
Online application and verification processes to manage a multi-million pound scheme in order to get grants paid to businesses with minimal delay	Reputational impact to the Council and delays to the processing of payments	Learning from previous scheme will significantly reduce risk. Robust process in place to expedite payment of grants whilst being compliant with Government guidance and internal verification process
The processing of grants requires some redirection of staff resources from other activity	Other work may be paused or take longer to enable focus on processing business grants	Continuous management of competing demands on staff time. Leadership team to be updated on resource needed and grant application progress, delays etc.

## 8.0 Contact Officers

Gareth Candlin (Operational Lead - Place and Environment (Deputy Chief Officer))  
[gareth.candlin@southlakeland.gov.uk](mailto:gareth.candlin@southlakeland.gov.uk)

## 9.0 Appendices Attached to this Report

<b>Appendix No.</b>	<b>Name of Appendix</b>
1	n/a

## 10.0 Background Documents Available

<b>Name of Background document</b>	<b>Where it is available</b>
Omicron Hospitality and Leisure Grant guidance, December 2021	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044354/omicron-hospitality-and-leisure-grant-guidance.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044354/omicron-hospitality-and-leisure-grant-guidance.pdf</a>
Updated Additional Restrictions Grant guidance, December 2021	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044351/additional-restrictions-grant-la-guidance.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044351/additional-restrictions-grant-la-guidance.pdf</a>

## 11.0 Approval Dates

<b>Approved by:</b>	<b>Signature and Date (or email confirmation)</b>
Chief Executive	19/01/22
Or such person as delegated by the Chief Executive in writing	N/A
<b>In consultation with:</b>	
The Leader of the Council	19/01/22
And Relevant Portfolio Holder	19/01/22
CMT Directors	19/01/2022
The following interests were declared – disclosable pecuniary interest or other or none	N/A

<p><i>Due to COVID 19 and Government announcements, it has not been possible for this Key decision to be included in a Forward Plan at least 28 clear days before the decision was to be made. It is not possible to comply with the General Exemption procedure.</i></p> <p><i>In accordance with Part 4 of the Constitution - Rules of Procedure – Access to Information Rules – Paragraph 16, the Chairman of the Overview and Scrutiny Committee (Cllr Hughes) has agreed that the taking of the decision is urgent and could not reasonably be deferred because for the reasons outlined in this report and the timescales required to protect the public/business interest and to comply with Government advice.</i></p> <p><b><i>This being “special urgency”</i></b></p>	24/01/22
<p><i>In accordance with Part 4 of the Constitution – Rules of Procedure – Overview and Scrutiny Procedure Rules - paragraph 16(j), the Chairman of the Council (Cllr McSweeney) agrees that this decision is reasonable in all the circumstances and that it is treated as urgent for the reasons outlined above and, therefore, the decision is <b>exempt from call-in.</b></i></p>	19/01/22