

Introducing New Discretionary Grants for Businesses affected by Omicron

13/01/2022

Background

1. On 21 December 2021, the Chancellor of the Exchequer announced a £1 billion support package for businesses most impacted by the new Coronavirus variant called Omicron. This funding for new grants for local authorities to administer, including:
 - £683 million for hospitality and leisure businesses in a rateable premise. These grants are for set amounts of £2,700, £4,000 or £6,000 based on the rateable value of the premise; broadly following the past approach of the Local Restrictions Support Grant.
 - A £102 million top-up to the Additional Restrictions Grant (ARG), for local authorities to use at their discretion to support businesses within their area. North West Leicestershire's share of this allocation is £195,225. These funds, and the remaining circa £90,000 from the previous allocation, need to be spent by 31 March 2022 or they will be returned to Government.
2. The hospitality and leisure grants will be administered by the Revenues and Benefits Partnership and are already live. The grants will be distributed to businesses in line with guidance set by the Department for Business, Energy and Industrial Strategy (BEIS), and so there is no discretionary element for the Council to consider.
3. The extra Additional Restrictions Grant, as a discretionary scheme, requires the Council to consider its approach to distributing the funding in the best way to support businesses within the district. The guidance from BEIS is that this should go to businesses that are experiencing a severe impact from the Omicron variant of Covid-19, although as a discretionary scheme the final decision on how to distribute the funding rests with the Council.
4. This paper sets out our recommended approach for distributing the final ARG top-up grant.

Recommended approach

5. Our past approach to distributing these funds has been split between offering emergency grants to businesses severely affected by restrictions and providing support and funding for growing businesses within the district.
6. The guidance released by Government provides a strong steer that this top up funding should go towards further emergency grants for businesses severely impacted by the Omicron variant of Covid-19. For that reason, the **recommended approach is to adopt a**

revised version of the emergency grant policy that was in place this time last year, following the same guiding principles that were agreed with Cabinet in November 2020:

- Getting payments to eligible businesses quickly is a priority.
 - We will retain the flexibility to vary payment amounts to ensure we maximise the amount of support we provide.
 - We will streamline the eligibility criteria to reduce the complexity of the grant schemes.
7. A new business growth grant scheme was due to be launching in January 2022, which would have seen grants of up to £5,000 provided to small and medium-sized businesses. It's also recommended that this grant scheme is paused so staff can focus on the emergency grant payments. A decision whether to relaunch this grant will be made once it's clearer how much funding, if any, may be remaining – although it is considered unlikely that funding will remain.

New Grant policy

8. Attached as an appendix is the proposed Omicron Discretionary Support Policy. This is similar in design to previous emergency grant policies, with particular features being:
- It is only available for businesses that miss out on support from the main grant scheme, which is the Omicron Hospitality and Leisure Grant this time. As a result, applications will be open for the same period, which is currently set to 28 February 2022. There is, however, uncertainty caused by the guidance from BEIS which may lead to this date being brought forward.
 - Businesses need to be severely impacted by the Omicron. Our favoured approach for measuring this remains seeing a significant reduction in business income, which the Council has assessed as a 40% reduction. There remains some flexibility within the policy to award grants based on reasonableness of businesses' assertions and previous evidence provided, which should help to speed up grant applications.
 - Businesses will have to evidence that they are still trading.
9. The Council's previous emergency grant policies have matched the values paid by the main grant scheme at the time. This remains the Council's ambition, but the top-up funding received is on the low side and makes this more challenging. Payments will, therefore, be made in two parts:
- a) **An initial payment to support businesses.** An amount based on the rateable value, annual rent or annual mortgage costs of the business, will be made to the business once eligibility has been confirmed. This will ensure that some funds get to businesses quickly.
 - b) **A top-up payment will be made once the scheme has closed.** If there is funding still available once the scheme closes, businesses will be paid a top-up amount. This will vary based on the business, but will be based on the amount of funding remaining and the rateable value, annual rent or mortgage costs of the business. The payment

will be capped at the level offered by the main grant scheme. This gives the Council the flexibility to vary payment amounts to ensure we maximise the support provided, whilst also offering parity if possible.

10. The table below sets out the planned values for initial payments. Businesses are split between those based on from or a vehicle and those based from a business premise, on the basis of businesses based at dedicated business premises having higher general running costs.

| Location of business | Rateable value, annual rent or annual mortgage costs | Initial Payment | Maximum Total Payment |
|-----------------------------|---|------------------------|------------------------------|
| Home or a vehicle | n/a | £250 | £2,667 |
| Business premise | £15,000 or under | £500 | £2,667 |
| | £15,001 – £50,999 | £700 | £4,000 |
| | £51,000 or over | £1,000 | £6,000 |

11. Estimating demand for this grant is challenging, as there is little information on the extent to which businesses have been affected by the Omicron variant, and the extent to which the Omicron Hospitality and Leisure Grant scheme supports the most affected sectors. However, officers estimate that the above initial payment values would support around 310 businesses, which is the number of businesses that received an emergency discretionary grant for the period in January 2021.
12. The cost of providing initial payments so would be around £120,000, or two thirds of the funding the Council has received. The cost of providing the maximum payments would be £861,000, so it would be unlikely that there would be a significant additional payment to businesses.
13. Offering a fixed amount creates a risk of overspending the available funding. Officers consider the above payment mechanism and values appropriate to manage this risk. The policy also includes provision to close the discretionary grant scheme early if required. The Council may also choose to reallocate some of the remaining legacy ARG funding of circa £90,000 to provide additional funding to these businesses.

Implementation

14. In November 2020, Cabinet delegated authority to the Section 151 Officer, in consultation with the Portfolio Holder for Business and Regeneration, to make the necessary changes to the grant policy.
15. Following agreement with the portfolio holder, officers will set in motion the necessary work to establish the new grant scheme as quick as possible. This is likely to go live in the week commencing 17 January. The Council will also look to redeploy staff, primarily from the Business Focus team, to administer these grants.