



City of Westminster Cabinet Member Report

Decision Maker(s):	Cllr Paul Swaddle, Cabinet Member for Finance and Smart City and Cllr Matthew Green, Cabinet Member for Business, Licensing & Planning
Date:	25 November 2021
Classification:	General Release
Title:	Additional Restrictions Grant (ARG) Scheme – Tranche 3 Part 2, Proposal to utilise remaining ARG allocation to fund business support activities and to administer a grant scheme to additional 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 City Council.
Report of:	Debbie Jackson, Executive Director – Growth, Planning & Housing Gerald Almeroth, Executive Director – Finance & resources

1. Executive Summary

- 1.1 This report seeks approval to utilise the remainder of the third tranche of Additional Restrictions Grant (ARG) funding to fund business support activities for Westminster businesses and to administer a grant scheme to businesses who have received little or no grant support to date since the start of the pandemic.
- 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 City Council received its third and final ARG funding allocation from BEIS totalling £9.1m on 3 August 2021. This ARG allocation must be spent by 31 March 2022 as per the guidance issued by BEIS.

2. Recommendation

- 2.1 That the proposals as outlined in Section 5 of this report are approved.
- 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:
- re-allocate funding from any particular scheme or project as set out under section 5, to the most suitable proposal(s) as outlined under section 5 of this report, and;
 - amend the eligibility criteria of the open grant scheme outlined in within section 5.1 of the report.

3. Reasons for Decision

- 3.1 The proposals outlined in section 5 of this report seek to provide the most appropriate methods of administration of the ARG funding and will ensure that the right types of support are provided to the most impacted business groups, 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 31st March 2022.

4. Context & Current Position

- 4.1 BEIS have issued top-up funding allocations to all local authorities in England who were able to demonstrate complete exhaustion of their second funding envelope by 30th July 2021. The City Council received the third tranche of funding on 2 August 2021 of £9.1m as a top-up allocation to the previous £7.5m ARG funding envelope.
- 4.2 To date, the City Council have received three tranches of funding from central government that have been disbursed across three separate funding rounds. Tranches 1 and 2 were utilised to administer a round one and a round 2 of the ARG scheme respectively. The third tranche of funding has been split into two separate pots, the first of which (round three) is currently being administered to support business groups impacted by the extended lockdown period from 21 June – 19 July 2021; The second pot will be utilised to administer round four and is to be administered once this current round closes and following Cabinet Member approval on the proposals outlined within section five of this report.
- 4.2 BEIS have issued revised guidance to all local authorities ahead of allocating the third tranche of funding, for consideration by local authorities in the development of their ARG schemes.

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

- 24. *“Funds that have not been distributed by local authorities by 31 March 2022 will be subject to recovery. For the avoidance of doubt, local authorities will need to manage their application and payment processes to achieve all spend by 31 March 2022 as payments after this date will not be allowed in any circumstances.”*
- 27. *“Local Authorities should allocate funding through business support grants or through wider business support measures. All funding provided under this scheme should provide direct support to businesses.”*
- 28. *“Local Authorities should continue to issue grants at their discretion, based on local economic needs”.*
- 33. *“ARG funding should not be used as a wage support mechanism, for capital projects that do not provide direct business support, or to fund projects whereby local authorities are the recipients.”*
- 34. *“Previous guidance for the ARG indicated that businesses must have been trading before relevant restrictions were introduced in order to be eligible. This is no longer the case. All businesses that are trading and meet other eligible criteria may apply and receive funding under this scheme. There is no starting date from which businesses must have been trading in order to qualify for grant funding.”*

4.3 Whilst Westminster’s total funding allocation for the third tranche is £9.1m, the total amount of available funds for the fourth round of ARG is currently circa £5.6m due to the following reasons:

- Committed expenditure from round 2 of the scheme needing to be offset against the third funding envelope. Approximately £2.6m of the £9.1 top-up allocation was spent in round two of the ARG scheme, leaving a total of £7.5m left to be spent in round 3.
- A total of £4m of the remaining £7.5m was then ringfenced to support business groups which were severely impacted by the Government’s extended lockdown restrictions from the period of 21 June – 19 July 2021. To date, currently only circa £2m of the ringfenced £4m for round 3 of the ARG scheme, has been spent, resulting in an approximate underspend of £2m. This means that the total available funds to be spent from the third tranche of funding is currently circa £5.6m.

4.4 It is important to note that the figures relating to the ARG spend to date within this report are merely estimates and are based upon the level of take-up of the current round of ARG. Therefore, the funding allocations that have been ringfenced for the various proposals under section 5 of this report are projected figures and will likely be subject to change depending on the actual funds made available following the administration of this current round of ARG.

4.5 The Business Unit will be closing the current round of the ARG scheme on 30 November 2021. This will allow for a thorough review to be undertaken of the actual expenditure to date through round three of the scheme which will enable the Business Unit to assess the available remaining funds to be spent through the fourth round. There will however remain the facility for officers to award ARG funding to businesses that have not been awarded any of the previous business support grants since the start of the pandemic through no fault of their own.

4.5 The proposals for how the remaining third tranche of funding (circa £5.6m) will be spent, have been set out under sections 5.2 and 5.3 of this report.

5. Proposals for allocation of round four of ARG funding

5.1 Proposal to apportion £2.5m to administer an open grant scheme to businesses who have received little or no support to date

5.1.1 It is proposed that a proportion of the ARG funding allocation is to be utilised to administer a grant scheme to support a number of specific business sectors and also other businesses in the borough who have received no business support grants from the Council to date. It is proposed that approximately £2.5m is ringfenced for this grant scheme.

5.1.2 It is recommended that the following specific business sectors will now be eligible to apply for the ARG scheme:

- Medical
- TV, film and media
- Language schools
- Dry cleaners / laundrettes

5.1.2. It is important to note that some businesses in these sectors operating from small properties with a rateable value below £15,000 will have previously received the Small Business Rate grant of £10,000 under the first round of grants at the start of the pandemic. However, as these businesses have subsequently been precluded from all other Business Support grants it is proposed that they will be eligible under this scheme.

5.1.3 In addition, it is recommended that the scheme will be open to all other ratepayer businesses that have not received any previous business support grants from the City Council. This is with the exception of the following business groups who will be ineligible to apply:

- Non-ratepayers
- Recipients of any of the previous Covid-19 business support grant payments from the Council (unless they fall under one of the above-named sectors)
- Businesses that have 50 employees and over, and a turnover in excess of £10.2 million

- Businesses that are considered by central government to be professional services i.e. solicitors, accountants, insurance agents, financial advisers etc.
- Local authority schools and colleges, private schools and colleges, and other educational establishments (with the exception of language schools)
- Businesses that occupy a property in the Valuation List with a property description relating to: offices, garages, storage facilities and warehouses, advertising rights and stations, industrial premises, fire and ambulance stations, communication stations and public phone kiosks, universities, car parks.

5.1.4 The proposal is to administer the scheme on a first come first served basis as there will only be 250 grants available to businesses at £10,000 each.

5.1.5 For the avoidance of doubt, this grant scheme is targeted at supporting specific categories of business as outlined at paragraph 5.1.2 of this report and additionally small businesses that have not received any Covid-19 grant support to date. For the purposes of the scheme's administration and eligibility criteria, we are defining small businesses in accordance with the UK government's HMRC definition which is as follows:

"Less than 50 employees and an annual turnover of £10.2 million or below".

5.1.6 Businesses will be required to complete and submit an application for the scheme. In the event that the full £2.5m is not absorbed through this grant scheme due to low demand, it is proposed that officers will exercise the granted delegated authority as they see fit in order to broaden the scheme's eligibility criteria to achieve a greater take-up. It is proposed that the scheme will be temporarily close no later than 26 January 2022 in order to review the expenditure through the scheme up until that point. This will enable a determination to be made on whether there is sufficient demand for the scheme and therefore whether the full £2.5m will be exhausted through the administration of these grants.

5.1.7 In the event that there is a low take-up of the scheme, the recommendation would likely be to amend the criteria from:

"Recipients of any of the previous Covid-19 business grant schemes will be ineligible to apply"

to

"Recipients of round 1 of the mandatory grant schemes from last Spring, namely the Retail, Hospitality and Leisure Grant, and the Small Business Grant schemes, who have only previously received 1 grant, will be eligible to apply providing they satisfy the rest of the eligibility criteria for round four".

5.2 **Proposal to utilise £3.1m of the third tranche of ARG to deliver business support programmes**

- 5.2.1 Impactful and meaningful business support interventions are imperative in ensuring businesses are able to sustain the pandemic, subsequent recession and go on to thrive in a post-Covid economy. Supporting businesses to develop resilience coupled with the delivery of high-quality business support will only help to drive the City Council's economic recovery efforts.
- 5.2.2 The City Council plays a key role in ensuring the facilitation and delivery of meaningful business support that is both reactive and proactive to the existential challenges that businesses are facing. The absence of funding previously for the purposes of business support has limited the Council's ability to support growth in the Westminster economy.
- 5.2.3 With £2.5m apportioned for the purposes of administering a grant scheme to businesses facing hardship, this leaves a remainder of circa £3.1m to be spent from the third tranche of funding by March 2022.
- 5.2.4 It is proposed that this £3.1m will be invested into a suite of business support programmes and schemes that will either be delivered directly by the City Council's Business & Enterprise Service or by commissioned business support providers.
- 5.2.5 Investing ARG into business support programmes will enable the City Council to enhance its business support offer, both through extending some of the City Council's already successful programmes, as well as creating opportunity for new provision to be implemented. Appendix 1 details the five business support proposals for approval. A list of the business support proposals are found below:
- Start-Up to Scale-Up Course
 - Pop-Ups & Voids Activation Programme
 - Westminster Hospitality Jobs & Skills Brokerage Programme
 - Green Business Audit Grant Scheme
 - Cleaner & Greener Recovery Scheme
- 5.2.6 It is vital to note that there is a risk that the full disbursement of the remaining allocation (circa. £5.6m) may not be achieved by the 31 March 2022 deadline date and could therefore be subject to recovery by central government.

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 The 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. Ward Member 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:

Rachel Thevanesan, Business Support Programme Manager
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Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Paul Swaddle** _____

State nature of interest if any

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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled

Additional Restrictions Grant (ARG) Scheme – Tranche 3, Part 2 Proposal

and reject any alternative options which are referred to but not recommended.

Signed

Cabinet Member for Finance and Smart City

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal & Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.