

Report to: Cabinet



Date of Meeting 2 February 2022

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## **Additional Restrictions Grant (ARG) for the period 30 December 2021 to 31 March 2022**

### **Report summary:**

This reports puts forward proposals to mobilise discretionary funding support to local businesses and organisations that have been impacted by the Omicron variant. This follows the Chancellor's announcement of a third round of ARG top up funding on December 21<sup>st</sup> and confirmation from The Department for Business, Energy and Industrial Strategy (BEIS) that £277,681.38 of funding is being made available to the Council in this respect. This report seeks endorsement for a policy to guide the deployment of these funds together with associated operational and decision making arrangements.

### **Is the proposed decision in accordance with:**

Budget Yes  No

Policy Framework Yes  No

### **Recommendation:**

That Cabinet recommends;

Endorsing the proposed policy for ARG4 as set out in Appendix B

Approving the operation of the ARG4 scheme as outlined in the report.

Agreeing that the current Innovation and Resilience Fund (IRF) Councillor panel will also provide oversight of the operation of the ARG4 scheme

Delegating authority to the Service Lead for Growth, Development & Prosperity in consultation with the Leader, Deputy Leader, Portfolio Holder for Finance and the S151 officer to make consequential changes to the ARG discretionary policy, in order to keep the scheme aligned with any subsequent changes in government restrictions.

### **Reason for recommendation:**

To ensure that the Additional Restriction Grant funds can be deployed in a timely manner in meeting the 31<sup>st</sup> March 2022 spend deadline and to best effect across the District in accordance with government guidance.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications

- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk;

### **Links to background information**

[Supporting Economic Recovery](#) Agenda item 13 report to Cabinet 3<sup>rd</sup> Feb 2021;

[Business Support Grant Measures](#) Agenda item 7 report to Cabinet 20<sup>th</sup> Jan 2021;

[Covid-19 Economic Response and Recovery – Resources](#) Agenda item 17 report to Cabinet 25<sup>th</sup> Nov 2020

### **Link to [Council Plan](#)**

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

## **1. Background and context**

1.1 Members have received a series of reports over the past two years on the deployment of discretionary grant funds to support local businesses and organisations impacted by the COVID-19 pandemic. These discretionary funds have run alongside the fixed payment schemes and to date over £5m of support has been provided through this avenue.

1.2 In recognition of the impact of the Omicron variant on businesses' ability to trade, the Government confirmed on the 21<sup>st</sup> December that further grant funding support would also be provided for the period 30<sup>th</sup> December 2021 to 31<sup>st</sup> March 2022. This would be in the form of the Omicron Hospitality and Leisure Grant (OHLG) alongside a further third top up of discretionary Additional Restriction Grant (ARG) monies. For ease the latter is henceforth referred to as ARG4.

1.3 Updated [national guidance for Local Authorities](#) on the deployment of these further Additional Restrictions Grant funds was first published on the 30<sup>th</sup> December and revised on the 12<sup>th</sup> January. A sum of £277,681.38 was confirmed to EDDC on the 11<sup>th</sup> January and has now been transferred to the Council.

1.4 The conditions/requirements from BEIS attached to this funding are reproduced at Appendix A. BEIS have confirmed that the original ARG spend deadline of the 31<sup>st</sup> March 2022 also applies to these new funds and so all monies need to be spent within 8 weeks of this Cabinet meeting.

## **2. ARG4**

2.1 In the interests of clarity and transparency, the Council has to date ensured that each previous wave of discretionary funding has been deployed in line with a published policy. It is proposed to continue this approach and it is a leading recommendation of this report that the proposed policy contained at Appendix B is endorsed. Key features of this policy are outlined below;

- That those businesses eligible for the Omicron Hospitality and Leisure Grant (OHLG) should not be able to apply for an additional ARG4 award covering the same period

- That ARG4 should only support businesses which can evidence that their trade has been severely impacted by the current increase in COVID-19 cases at any stage since 1st December 2021 (until scheme closure in March 2022)
- This severe impact must be caused by either
  1. a significant drop in demand for goods/services due to the recent local increase in COVID-19 cases;
  2. an inability to supply demand for goods/services due to staff COVID-19 infections;
  3. an inability to supply demand for goods/services due to supply chain issues directly resulting from the recent global increase in COVID-19 cases; or
  4. a significant drop in demand for goods/services due to restrictions affecting international travel due to the recent global increase in COVID-19 cases
- That businesses who can evidence that the recent rise in COVID-19 cases led to the temporary suspension of trade of at least five consecutive working days should be eligible to receive a higher grant award compared to those which have been impacted but not forced to suspend trade
- The proposed grant amounts are as follows:

<b>Discretionary Grant Tiers: ARG4</b>				
<b>Degree of Impact:</b>	<b>Non-ratepayer</b>	<b>£0-£15k RV ratepayer</b>	<b>£15-£51k RV ratepayer</b>	<b>£51k+ RV ratepayer</b>
<b>Impacted trade</b>	£889	£1,350	£2,000	£3,000
<b>Suspended trade</b>	£1,778	£2,667	£4,000	£6,000

2.2 A key objective in developing the ARG4 policy has to been to ensure that the grant awards are proportionate to the scale of the impact. Paragraph 3.3 of the policy makes it clear that the Council will particularly encourage applications from businesses both within and which supply the hospitality leisure, personal care, events and travel and tourism sectors, as well as wedding industries, wholesalers, English language schools, breweries, freelance and mobile businesses, gyms and other businesses where they can confirm they are not eligible for the Omicron Hospitality and Leisure Grant (OHLG). It should also be noted that the list of ineligible businesses has been updated to specifically exclude self-catered accommodation for holiday use.

2.3 In terms of the operation of ARG4 it is proposed to follow the approach adopted for ARG3. In this way payments can be made to businesses that clearly accord with the policy which in turn will ensure that the funds can be deployed expeditiously. A new online application form is currently in the process of being developed. It is expected that this will be able to go live shortly after the Cabinet meeting.

2.4 A member panel has played a key role to date in terms of guiding decision making around all discretionary grant expenditure associated with Covid-19. This has particularly applied in relation to special cases where a business or organisation is of significant economic importance for the District. It is a specific recommendation of this report that the role of the current Innovation and Resilience Fund (IRF) Panel is broadened to also include oversight of ARG4. As such the Panel will be consulted prior to any decisions being taken in relation to special case applications or in instances which do not strictly accord with the ARG4 policy. This will be alongside updates being provided on the overall number of applications and the deployment of funds.

### **3. Assessment**

3.1 It is clear that the emergence of the Omicron variant has significantly impacted a wide range of businesses and organisations across the District. The availability of further discretionary funds alongside the Omicron Hospitality and Leisure Grant scheme is welcomed in order to help to mitigate this impact. The proposed policy is considered to set an appropriate framework which will allow these funds to be deployed in a proportionate and targeted manner.

3.2 Whilst the overall amount of funding that is being made available under ARG4 is relatively small in comparison to previous rounds, this does not also lead to a proportionate decrease in the officer time and effort required to establish and operate the scheme. Given the importance of deploying the funds to impacted businesses as quickly as possible and the overall limits on staff capacity, it is highly likely that processing of applications to the Innovation and Resilience Fund will need at best to be delayed and at worst postponed until April. This is to enable the March 31<sup>st</sup> spend deadline to be met, ensuring all available discretionary funds are used to support impacted local businesses. It is the intention to ensure that the IRF Panel is kept apprised on the position alongside ensuring wider communication and updates.

### **4. Conclusion**

4.1 The Additional Restrictions Grant continues to be an essential source of financial support for businesses and organisations that have been heavily impacted during the pandemic. The Council has to date ensured that the maximum level of support has been provided through this avenue. The proposed approach to ARG4 takes a lead from previous rounds of funding and will ensure that there continues to be a clear policy and robust decision making processes in place.

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#### **Financial implications:**

The report sets out proposals on the distribution of Government Funding, there are no direct financial implications for the Council.

#### **Legal implications:**

What is proposed is permissible from a legal standpoint and the discretionary policy is in line with the relevant Government guidance. It is for Members to decide whether they are content with the approach advocated. There are no other implications requiring comment.

## Appendix A

### BEIS Terms and Conditions of ARG funding to EDDC

#### Conditions / Funding Requirements

1. The Council must:

- a. Ensure businesses and/or activities meet the criteria set out in the Additional Restrictions Grant (ARG): Guidance for Local Authorities.
- b. Fully comply with the data monitoring and reporting requirements, as set out in paragraphs 74 – 82 of the Additional Restrictions Grant (ARG): Guidance for Local Authorities updated 30 December 2021.  
<https://www.gov.uk/government/publications/local-restrictions-supportgrants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>
- c. Record and retain records of individual payments of Grant. This information must be stored in accordance with all data protection requirements, such as the UK General Data Protection Regulation (UK GDPR) and shared with Government upon request. The information will be used by the Government for monitoring and evaluation purposes, as well as for prevention and detection of fraud and/or other criminal activities and for suspension and/or recovery of the grant where necessary. The Government may share information for the purpose of counter fraud activity and debt recovery with other government departments, agencies and/or local authorities.
- d. You agree to comply with your obligations under applicable data protection legislation in respect of this information and to the extent that for the purposes of the Grant any personal data is shared each party accepts that they will each comply with their respective obligations in respect of the processing of such data.
- e. Provide timely monitoring information in line with the guidance provided by the Department.
- f. Engage with the Department on future grant Data Collection schemes.
- g. Provide summaries of any issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities.
- h. Fully comply with published assurance guidance (revised 30 December 2021).  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1044352/business-grant-funding-schemes-assurance-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1044352/business-grant-funding-schemes-assurance-guidance.pdf)

#### Eligible Expenditure

2. The guidance set out in paragraphs 34 - 45 provides full detail of who will benefit from these schemes. Under no circumstances may the Grant be used to cover any expenditure outside of these schemes.

#### Financial

3. The Grant payments to the Council are made under section 31 of the Local Government Act 2003. The Council will be responsible for delivering the funding to eligible businesses and for ensuring that business agree to comply with the conditions and requirements contained in this letter applying to the payment of Grant including the circumstances when Grant can be claw backed and must be repaid.
4. Any businesses falsifying their records to gain additional Grant money or committing any other fraudulent acts will face prosecution and any funding awarded will be subject to recovery and become immediately repayable in full to BEIS.
5. Where all or a portion of the Grant remains unspent at the end of the grant programme following reconciliation by BEIS, unspent grant monies must be repaid to the department within thirty (30) calendar days from the date on which the request for payment is sent and must not be carried forward for use in the following financial year.
6. Where grants are identified as having been issued in error, non-compliance or fraud, steps must be undertaken to recover the amount in line with the published Guidance - Debt Recovery, Returning Reclaimed Grants and Referring Outstanding Debts to the Department: Guidance for Local Authorities (Revised 30 December 2021).

## Subsidy Control

1. 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. This does not impact the limited circumstances in which State aid rules still apply under the Withdrawal Agreement, specifically Article 10 of the Northern Ireland Protocol. However, in the vast majority of cases this will not apply. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. BEIS Guidance for public authorities explaining the subsidies chapter of the TCA, World Trade Organisation rules on subsidies, and other international commitments can be found here: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>

2. BEIS have concluded that the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance under the Additional Restrictions Grant administered are compatible with the principles set out in Article 366 of the TCA and are targeted, proportionate, and effective in order to remedy difficulties caused by the COVID-19 pandemic for the purposes of Article 364(3). These two allowances constitute subsidy schemes for the purposes of Article 373(4) of the TCA and the transparency requirements at Article 369 of the TCA. Additionally, Local Authorities may pay grants 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. Further details on how Local Authorities may apply these allowances can be found in the <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

3. 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. The transparency database can be found at <https://manageuksubsidies.beis.gov.uk/>. All individual awards over £500,000 must be uploaded 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. For access to and any further questions on the database, please contact the BEIS subsidy control team at [subsidycontrol@beis.gov.uk](mailto:subsidycontrol@beis.gov.uk). 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. The transparency database can be found at <https://manageuksubsidies.beis.gov.uk/>.

## General

4. BEIS may vary the terms of these schemes or suspend or close the schemes with immediate effect, without notice and at any time, and requiring that undispersed funds are returned to BEIS within 30 days.

5. No amendment to the terms of this Grant Offer Letter will be effective unless and until agreed in writing by BEIS.