

Item No.	Classification: Open	Date: 27 January 2022	Decision Taker: IDM – Cabinet Member for Finance, Performance and Democracy
Report title:		Non-domestic Rates – Omicron Hospitality and Leisure Grant policy	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Rebecca Lury - Cabinet Member for Finance, Performance and Democracy	

RECOMMENDATIONS

1. That the Omicron Hospitality and Leisure Grant policy set out within Appendix 1 be agreed by the Cabinet Member for Finance, Performance and Democracy.
2. That the Cabinet Member for Finance, Performance and Democracy delegates to the Strategic Director for Finance and Governance with the delegated responsibility to make future amendments to the application of the Omicron Hospitality and Leisure Grant policy following further review and consultation.

BACKGROUND INFORMATION

3. This report outlines Southwark’s implementation of the Government’s Omicron Hospitality and Leisure Grant scheme and is effective from 30 December 2021.
4. On the 21 December 2021 the Government announced the introduction of grant support for hospitality and leisure businesses in England. The scheme provides support to hospitality, leisure and accommodation businesses, in recognition that the rise of the Omicron variant means that some businesses are likely to struggle.
5. The support is called the Omicron Hospitality and Leisure Grant (OHLG) and takes the form of a one-off grant funding scheme in the 2021 financial year.

6. The OHLG scheme is centrally prescribed but local authorities are expected to make their own determination of which businesses in their locality are eligible based on guidelines provided by Government.

KEY ISSUES FOR CONSIDERATION

Policy implications

7. The primary principle of grants under this scheme is to support businesses that offer in-person services, where the main service and activity takes place in a fixed rate-paying premises, in the hospitality, leisure and accommodation sectors.
8. For the purpose of this scheme businesses are defined as:
 - Hospitality businesses are those whose main function is to provide a venue for the consumption and sale of food and drink.
 - Leisure business are those businesses that provide opportunities, experiences and facilities, in particular for culture, recreation, entertainment, celebratory events and days and nights out.
 - Accommodation are those businesses whose main lodging provision is used for holiday, travel or other purposes.
9. Full criteria to assess whether a business is eligible under these definitions are set out in paragraph 2 in appendix 1.
10. Businesses will only be eligible where their main service falls within hospitality, leisure or accommodation. If a business operates services that could be considered hospitality or leisure, and also fall into another category, the main service can be determined by assessing which category constitutes 50% or more of their overall income. The main service principle will determine whether a business receives funding.
11. In some cases it may not be materially clear whether a business falls into one of the eligible categories, so decisions on the eligibility of these businesses will be at the council's discretion.
12. Businesses must have been trading on 30 December 2021 to be eligible to receive funding under this scheme.

Exclusions to OHLG funding

13. Businesses that are not within the ratings system will not be eligible to receive funding under this scheme.

14. Businesses that have already received grant payments that equal the maximum permitted subsidy allowances will not be eligible to receive funding.
15. Businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.

How grant payments are calculated

16. Payments are based on the rateable value of each hereditament a business occupies. The threshold for grant payments are:

Rateable Value	Grant value
£15,000 and under	£2,667
£15,001 - £50,999	£4,000
£51,000 and over	£6,000

17. Subject to grant subsidy allowance limits, businesses will be entitled to receive a grant for each eligible hereditament, so some businesses may receive more than one grant where they occupy multiple premises.
18. Grants will not be adjusted, paid or recovered where the rating list is subsequently amended retrospectively to 30 December 2021. Where it is clear to the council that the rating list was inaccurate it may withhold the grant and/or award the grant based on who would have been entitled to the grant had the list been accurate.

Application process

19. All businesses must complete an online application form to be considered for an award. For businesses that occupy more than one hereditament an application form must be made for each one.
20. The application form will ask businesses to confirm that they meet the qualifying criteria, along with confirmation that the business has not exceeded grant subsidy allowances.
21. The application closure date is the 14 February 2022, and final payments will be made by the 31 March 2022.

Payment of grants

22. Grant payments will be awarded to qualifying businesses via bank transfer with payment being made to the person who according to the council's records is the ratepayer in respect of the hereditament on the date of the first full day of national restrictions.

23. The council will conduct pre-award fraud checks to mitigate the risk of fraud and payment error to ensure the safe administration of grants.
24. Award notifications will be issued upon payment of grants for each qualifying property, and will state that by accepting the grant the business confirms they are eligible and does not exceed grant subsidy allowance limits.

Grant subsidy allowance and appeals

25. The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period which end on the 31 December 2020. The UK remains bound by subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU.
26. On 4 March 2021 new subsidy allowances were established for the COVID-19 business grants schemes, on the basis of the principles set out in Article 3.4 of the TCA.
27. Subsidy allowances for this scheme are set by Government through the Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance.
28. Businesses have the right to make an appeal if an application is refused. The appeal can be made in writing or online and must contain evidence to support the reasons for the appeal.

Community, equalities (including socio-economic) and health impacts

29. A public authority must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The OHLG policy provides equality of access to grant payments, due to clear criteria for the award and consideration of all awards in the same timescales.
30. Research has shown that the financial impact of the COVID-19 pandemic was disproportionately felt by Black, Asian and minority ethnic residents and widened health inequalities. The OHLG scheme provides economic support to local businesses that provide hospitality and leisure services to

local communities, helping provide economic stimulus to local communities.

Climate change implications

31. As set out in the council's Climate Change Strategy, climate change and inequalities are linked. The climate emergency is a social justice issue and the council's climate change policy aims to reduce inequality and promote a low carbon economy.
32. Social justice and a just transition require us to tackle climate change in a way that reduces inequality and creates opportunities for people in the borough. The OHLG scheme aids this by supporting local business to help sustain, create jobs and stimulate economic recovery.

Resource implications

33. The administration of grant payments will be absorbed within the existing Exchequer Services provision. The situation will be closely monitored and regularly reviewed to allow the policy to be flexible and adaptable to changes in demand.

Legal implications

34. Local authorities must ensure the safe administration of grants and that appropriate measures are put in place to mitigate against the risk of fraud and payment error.
35. The council must undertake pre-payment checks for all grant payments. Use of Spotlight (or an equivalent tool) for enhanced checks to support pre-award due diligence is required and evidence of checks must be retained for audit purposes.
36. Grant payments should only be made to UK bank accounts.
37. Local authorities are required to conduct activity to provide assurance that all grants have been paid out in line with the eligibility and subsidy allowance conditions for this scheme.
38. Local authorities must retain necessary data and the department for Business, Energy and Industrial Strategy (BEIS) will undertake regular data collection exercises. Local authorities should retain evidence of all grant awards made, payments issued and assurance steps taken.

Financial implications

39. The cost of the OHLG scheme is met by Government, paid via a Section 31 grant.

40. The Government has allocated the council £3,336,072 which has been calculated using Valuation Office Agency (VOA) data for the borough, based on the categories of business relevant to OHLG eligibility.
41. Should the initial assessment be insufficient the Government will provide top up payments to ensure the council has the right level of funding, and is therefore cost neutral to the council.
42. The Government has commenced a New Burdens assessment and will make payment once this has concluded.

Consultation

43. There is no legal requirement for public consultation of the establishment of the council's OHLG policy. The policy gives effect to Government initiatives to support and issue grant payments to businesses in Southwark as the rise in the Omicron variant means businesses are likely to struggle. The cost of the grant payments will be reimbursed by Government and consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

44. The Omicron Hospitality and Leisure Grant (OHLG) scheme provides support for businesses due to the impact of the Omicron variant. It is administered by local authorities. The scheme's eligibility criteria and the levels of payment set out are specified in national guidance and this report sets out the particulars of the scheme.
45. The decision is appropriately identified as a key decision under the council's constitution, which also provides for a decision of this nature to be taken by an individual cabinet member.
46. The member is advised to give due consideration to the council's equality duties as addressed in the community impact statement. The member is reminded of the public sector equality duty contained in the Equality Act 2010.

Strategic Director of Finance and Governance (F&G21/011)

47. The Strategic Director for Finance and Governance notes that this report seeks approval of the Omicron Hospitality and Leisure Grant (OHLG) scheme policy. The OHLG policy is in accordance with Government

requirements and enables support payments to businesses affected by the Omicron variant.

48. The full cost of the OHLG payments will be funded by Government grant. It is noted that the administration of the scheme will be contained within existing Exchequer Services budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Omicron Hospitality and Leisure Grant policy  OHLG policy.pdf

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Dominic Cain, Director of Exchequer	
Version	Final	
Dated	20 January 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	20 January 2022	