



**Report Reference Number:** PR/21/11

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**To:** Policy Committee  
**Date:** 11 January 2022  
**Status:** Non-Key Decision  
**Ward(s) Affected:** All  
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**Lead Executive Member:** Councillor C Lunn, Lead Councillor for Finance and Resources  
**Lead Officer:** Suzan Harrington, Director of Corporate Services and Commissioning

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**Title:** Covid-19 Government Grants

**Recommendation:**

**That the Policy Review Committee note the contents of this report.**

**Reasons for recommendation:**

The Committee requested a report on business grants in September 2021, to give further detail about the use of the remainder of the government's Covid-19 grant to the Council and details of security, fraud, and data protection for previous payments of the grants.

## **1. Introduction and background**

**1.1** From March 2020 onwards the council has administered a number of business grants schemes on behalf of the Department of Business Energy and Industrial Strategy (BEIS). Most of these schemes have had mandatory qualifying criteria and the guidance on administration of the schemes has been issued by BEIS. The guidance for all grant schemes has been comprehensive and included details of the process required for businesses to apply for the grants, the level of evidence required from businesses and the pre and post payment assurance work that local authorities should undertake.

## **2. Grant payments**

**2.1** Beginning in March 2020 the Small Business Support Grant (SBSS) and Retail, Hospitality Leisure (RHL) Grants were paid to 1475 businesses at a total of £16,820,000.00 and the schemes ended in September. A discretionary scheme

was announced for local authorities to administer to support those businesses that didn't qualify for the main schemes and 98 businesses received payments from this scheme totalling £800,000.

- 2.2 In November 2020 following the country entering a further national lockdown the government announced further business grant support schemes, and 7 separate schemes were running from then onwards, over 500 businesses forced to closed in the November 2020 and January 2021 national lockdowns received grant payments totalling £5.9 million. Public houses also received an additional £150,232.00 in grants in separate schemes.
- 2.3 The Restart Grant was paid from 1 April onwards to help businesses reopen and recover. A total of £4,098,032.00 was paid to 535 businesses in individual grants.
- 2.4 The discretionary Additional Restrictions Grant (ARG) scheme has been paid to businesses from the November lockdown onwards in phases to support them through ongoing restrictions, this was mainly paid to those who didn't qualify for the main schemes, 373 businesses received grants totalling just over £2.6 million. As all the original funding allocation was distributed within the required timescale from central government, we secured a further funding pot to continue providing assistance and an amount of £673,000.00 was received. A further phase 3 of the grant was opened for applications in August 2021 and in total 378 separate businesses have now received funding totalling £3,122,579.00. This leave £167,803.00 remaining in this fund, which must be distributed by 31 March 2022.

### **3. Pre and Post payment Assurance Work**

- 3.1 The guidance from BEIS differed for the various schemes with regards to an application form being required, if the business was registered for business rates they advised it was possible to pay the grant automatically. The Council decided to request application forms for all business grants to ensure the pre-payment checks were robust and the grants were being paid to the correct recipient. The application process also contained a declaration that the business must read and sign to ensure that the information provided was true and correct and warned that any deliberate manipulation and fraud would not be accepted and any business caught falsifying records to gain grant money may face prosecution and any funding issued would be recovered.
- 3.2 The guidance from BEIS advised that checks on the bank details provided for payment from grant recipients could be made post payment, again the Council decided to take a firm approach and bank statements for the recipient's bank account were required and checked before payments were made. Some local authorities used an automated system for paying the grants, this Council looked at each application individually to ensure all the details matched and the correct recipient was paid. This careful approach managed the risk of fraud entering the system.
- 3.3 The government made use of their digital due-diligence Spotlight checking tool available to local authorities, this tool checks the activity of companies and allows the authority to check the ongoing viability of recipients. For the March 2020 grants the use of this tool was allowed post payment by BEIS, the guidance

changed for November 2020 grants, and it was made mandatory that this check was done pre-payment. The Council again adopted a cautious approach and throughout administration of all schemes from March 2020 onwards always did the check before payments were made. This highlighted 3 applications from businesses that had become insolvent or had ceased trading and payments were therefore not made to these businesses.

- 3.4** The Councils fraud and audit providers Veritau did a 5% sample check for post assurance work on all grant payments for the Small Business Support Grant (SBSS) and Retail, Hospitality Leisure (RHL) Grants and Discretionary grants and found no errors or fraudulent payments were made. They concluded that the grants had been paid appropriately in line with the Councils scheme and government requirements including conducting reasonable eligibility checks.
- 3.5** The 2020/21 National Fraud Initiative (NFI) exercise on business grants has also been conducted and included an analysis of business grant payments. Specifically, it used cross boundary data not available to the Council. The Council and Veritau's counter fraud team have reviewed any matches found from this and no issues have been found either.
- 3.6** No allegations of fraud have been received from the public regarding business grants. Five referrals were made regarding the March 2020 scheme applications by the team to the council's fraud investigation service providers Veritau and after investigation no further action was necessary. Two referrals have been made by the team regarding the November onwards applications to the council's fraud investigation service providers Veritau for further investigation and payments were not made to the businesses following the outcomes of these.
- 3.7** The details of all business grant payments have been supplied to HMRC, as required by BEIS, using a secure channel so they can ensure all payments have been declared by businesses.
- 3.8** There have been no data protection issues whilst conducting the grant administration, all data is stored securely on the Councils document management system. The guidance from BEIS advises this information must be stored for 10-year post payment, and the section will ensure that this action takes place.

#### **4. Reconciliation work**

- 4.1** All grant payments have been subject to a weekly monitoring return to BEIS. All grants have now ended for payment, apart from the Additional Restrictions Grant, and Finance have conducted a Reconciliation process with BEIS to receive further funding or return unspent funding for all the mandatory schemes.

#### **5. Additional Restrictions Grant**

- 5.1** There is £167,803.00 remaining in this fund, which must be distributed by 31 March 2022. The guidance from BEIS regarding the ARG advised that 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.

- 5.2** Local authorities were encouraged to support businesses that were severely impacted by the restrictions but didn't qualify under the other mandatory schemes. The Taxation Section ran three phases of applications for the grant and made payment of just over £3.1 million. By phase 3 businesses were beginning to recover and reopen and application numbers were low from businesses therefore the full fund has not been spent.
- 5.3** This situation has been similar for the other North Yorkshire authorities, and they have distributed some of their funding through the Economic Development teams working with the Local Enterprise Partnerships to businesses who have used the funding to diversify and make adaptations to their businesses. This is a route the Council could look at to make further payments from the fund.
- 5.4** Very recent events with the Omicron variant should also be noted, on 20 December 2021 the government announced further grants would be paid to businesses in the hospitality and leisure sectors to help with recent reduced trade. A top up to the ARG has also been announced to support other businesses whose trade has been affected but they are not in this mandatory list. The Council will therefore review where this support should be targeted once the guidance and amount of additional funding has been received.

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**Appendices:**

Appendix 1 – Grants Paid Out Table