

REDDITCH BOROUGH COUNCIL

COVID-19 BUSINESS GRANT SCHEMES UPDATE

Relevant Portfolio Holder	Cllr D Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Head of Financial and Customer Services
Wards Affected	All Wards
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

- 1.1 This report provides a summary of the authority's administration of the Government's Covid-19 business support grants.

2. RECOMMENDATIONS

- 2.1 Executive Committee is asked to RESOLVE that the contents of the report are noted.

3. KEY ISSUES

Background

- 3.1 In response to the coronavirus pandemic Government has, over the period from March 2020 to June 2021, requested that local authorities administer a series of business support grant schemes.
- 3.2 The tabulation below sets out the periods for which grants have been payable, and the application deadlines for each grant scheme. Section 7 of this report provides a key to each grant scheme name, and further details on eligibility for the schemes are included in Appendix A - Covid-19 Business Support Grant Eligibility Summary.

REDDITCH BOROUGH COUNCIL

Period Start	Period End	Restriction Level	Grants Available	Application Deadline
1 st April 2020	31 st August 2020	N/A	SBGf RHLG LADGF	31 st August 2020
1 st November 2020	4 th November 2020	Tier 1	LRSG(S)	14 th May 2021
5 th November 2020	1 st December 2020	National Restrictions	LRSG(C) addendum	14 th May 2021
2 nd December 2020	30 th December 2020	Tier 2	LRSG(O) LRSG(C) LRSG(S) CSP	14 th May 2021 28 th February
31 st December 2020	4 th January 2021	Tier 3	LRSG(O) LRSG(C) LRSG(S)	14 th May 2021
5 th January 2021	15 th February 2021	National Restrictions	LRSG(C) 5 th January CBLP	14 th May 2021
16 th February 2021	31 st March 2021	National Restrictions	LRSG(C) 5 th January	31 st May 2021
1 st April 2021	30 th June 2021	N/A	Restart	30 th June 2021

- ARG funding is available to support businesses during any period from 1st November 2020 to 31st March 2022; funding for ARG has been released in phases with an initial grant made available from 1st November 2020 and a top-up provided in January 2021. A further top-up of funding is available where authorities have defrayed phase one and two funding in full by 31st July 2021.

SBGF: Small Business Grant Fund
 RHLG: Retail, Hospitality and Leisure Grant Fund
 LADGF: Local Authority Discretionary Grant Fund
 LRSG(S): Local Restriction Support Grant (Sector)
 LRSG(C): Local Restriction Support Grant (Closed)
 LRSG(O): Local Restriction Support Grant (Open)
 CSP: Christmas Support Payment for Wet-Led Pubs
 CBLP: Closed Business Lockdown Payment
 Restart: Restart Grant Scheme
 ARG: Additional Restrictions Grant

REDDITCH BOROUGH COUNCIL

Small Business Grant Fund (SBGF), Retail Hospitality and Leisure Grant Fund (RHLG) and Local Authority Discretionary Grant Fund (LADGF)

- 3.3 In March 2020 Government announced that support would be provided to businesses impacted by the coronavirus outbreak under two grant schemes. The grants were the small business grant fund (SBGF), and the retail, hospitality, and leisure grant fund (RHLG).
- 3.4 The two initial grant schemes did not provide support to all the business that were impacted by coronavirus restrictions. The operation of the grant eligibility criteria meant that some businesses, such as small local charities, were excluded from the schemes. An additional local authority discretionary grant fund (LADGF) was created under which local authorities were provided with discretionary funding to provide support to the businesses excluded from SBGF and RHLG.
- 3.5 The council's data was interrogated to identify businesses that met the eligibility criteria for the SBGF and RHLG. The grant was then pre-loaded to the business rates account for the customer, and they were invited to apply for grant.
- 3.6 Grant applications were made through a dedicated on-line portal which required the customer to provide their business rates account reference, and information relating to their business rates account, the grant payment was generated automatically, and payments were then vetted and released to the customer.
- 3.7 LADGF was available on application basis and the council's scheme provided three tiers of priority business, all applications in tier-one were assessed for support and when tier-one was determined in full applications in tier-two, and then-three were assessed. In this way the Council ensued that funds were allocated fully based on an assessed level of priority.
- 3.8 The tiered approach for support allowed the authority to target support to the businesses in the Government's priority groups, who fell into tier one, and to then target support to the businesses that had the greatest impact from Coronavirus restrictions.
- 3.9 In line with Government guidance market traders, business in shared office space, small local charities and bed and breakfast providers were prioritised for support and placed into tier-one.
- 3.10 Tier-two businesses comprised events and exhibitions businesses - whose industry has in effect been closed since March 2020 - and travel and leisure businesses which either operated a distance selling business model or managed the organisation and delivery of travel excursions who in both cases were not providing services to visiting members of the public and were therefore excluded from RHLG.

REDDITCH BOROUGH COUNCIL

- 3.11 Within tier-three larger pubs, gyms and children's activity centres – which were excluded from RHLG because the rateable value of the premises occupied was above a set ceiling – and retail, leisure and hospitality supply chain businesses were targeted for support.
- 3.12 Applications for LADGF were made using an on-line portal and all applicants in the tier one, two and three groups received support.
- 3.13 Applications for the first three grant schemes were closed on 31st August 2020 and payments were distributed to businesses by 30th September.

Local Restriction Support Grants (LRSG)

- 3.14 The implementation of new coronavirus restrictions under the tier system, in place from November 2020, required Government to provide additional support to businesses.
- 3.15 The Government created a scheme of Local Restriction Support Grants (LRSG) which would give support to business for set periods of time when tier restrictions or national restrictions were in place.
- 3.16 There were three separate LRSG schemes:

LRSG (Open): a discretionary scheme, which during tier 2 and tier 3 restrictions, provided support to business which could open but were significantly impacted by restrictions on socialising.

LRSG (Closed): a scheme which - during tier 2, tier 3, tier 4, or national restrictions - provided support to business that were ordered to close by law.

LRSG (Sector): a scheme which provided support to businesses operating in specific sectors which were closed by law on a sector-wide basis.

- 3.15 LRSG (Open) and LRSG (Closed) were subject to several variations and there are two variations of LRSG (Open) and five of LRSG (Closed). The eligibility criteria under each variation are broadly similar but the level of payment and the number of days for which payments are made is adjusted under each iteration of the scheme.
- 3.16 LRSG grants were open for applications through a dedicated web-portal, the application process captured sufficient information to allow officers to determine eligibility for the scheme and to proactively re-categorise applications to ensure the maximum level of support to eligible businesses. For example, where a dry-cleaning business - which would not be eligible for LRSG (Closed) as this business was not mandated to close by law - made an application for support the application would be re-categorized to discretionary grant and if an

REDDITCH BOROUGH COUNCIL

impact from coronavirus restrictions had been identified then an appropriate payment would be made using the ARG.

Christmas Support Payment for Wet-Led pubs (CSP)

- 3.17 The tier system of restrictions continued during December and to provide additional support to pubs the Government introduced the Christmas Support Payment for Wet-Led pubs (CSP). A one-off payment for pubs in areas subject under tier 2 or tier 3 restrictions between 2nd December and 29th December.
- 3.18 The CSP application process was proactively managed with the ratepayers for all pubs, social clubs, bars and other potential eligible businesses contacted by phone and advised of the scheme and the information that would be required for a payment to be made.

Closed Business Lockdown Payment (CBLP)

- 3.19 The Government was required to introduce a further period of national restrictions from 4th January 2021. The new national restrictions lead to the creation of an additional grant, the Closed Business Lockdown Payment (CBLP). The CBLP was provided to business that were required to close by law from January 2021 and was in addition to any LRSG (Closed) payment that was payable during that period.
- 3.20 The qualifying criteria for CBLP mirrored the criteria for LRSG (Closed) and therefore any business that was awarded LRSG (Closed) for the period from 4th January 2021 to 15th February 2021 was automatically paid the additional CBLP.

Additional Restrictions Grant (ARG).

- 3.21 Government announced the implementation of the tier system of restrictions in October 2020, and at this time, in addition to LRSG they also introduced an additional fund for local authorities called the additional restrictions grant (ARG). ARG was a one-off fund, calculated on a per capita basis at £20.00 per head of population and intended to provide support to businesses during covid restrictions or to provide wider business support.
- 3.22 Government guidance on ARG specifically stated that ARG would be a one-off payment which would be paid when an authority entered tier 3 restrictions, and which authorities should use to support businesses during any periods of restrictions between October 2020 and March 2022. The announcement made it clear to local councils that the fund would not be topped up during any subsequent restriction periods.
- 3.23 The council utilised ARG to adopt a discretionary grant scheme which would provide support equivalent to LRSG (Closed) to any businesses that was able to remain open during restrictions, but which had suffered

a significant impact due to coronavirus restrictions – an example would be a newsagent in a town centre which was able to remain open, as newsagents were not required by law to close, but had seen a significant reduction in trade due to the other businesses in the locality closing or due to people self-isolating and remaining at home.

- 3.24 When the January 2021 restrictions commenced Government announced that, in contradiction to the earlier statement, the ARG allocations would be topped-up. Additional funding was made available, and this additional funding allowed an expansion of the local discretionary scheme. The scheme was adapted to enable businesses that would not otherwise be eligible to access an additional grant payment which would be equivalent to CBLP.
- 3.25 In line with delegated authority's adjustments to the level of support provided under the discretionary ARG scheme have been made to ensure that the maximum benefit is provided to businesses within the borough.
- 3.26 The ARG scheme can be used to provide support to business which pays business rates and is impacted by coronavirus restrictions, and also to provide support to businesses such as mobile businesses, which do not occupy premises liable for business rates. The local authority is limited (by Government guidance) to the level of support that can be provided to mobile businesses or home workers as the ARG scheme cannot be used as a wage-support mechanism and must be utilised for genuine and identifiable business costs.
- 3.27 The ARG scheme was initially open for applications from the same web-portal used for the administration of LRSG payments. With the LRSG scheme being wound down from April 2021 a new on-line application for discretionary grants was made available from April 2021.

Restart Grant scheme

- 3.28 The tier restrictions and the LRSG scheme ended on 31st March 2021 and LRSG was replaced with a new grant scheme, Restart Grants, intended to be the final such scheme. The Restart Grant scheme provides support to businesses that were required by law to close in January 2021 and has two tiers of support, the lower tier providing support to non-essential retail businesses and the higher tier providing support to leisure, hospitality, personal care, and gym and sports businesses.
- 3.29 Eligibility for restart grant is dependant on the business having been closed in January 2021 and therefore most eligible businesses will have received LRSG (Closed) and CBLP. The list of businesses in receipt of the grants was interrogated to identify the potential qualifiers for restart grant. The relevant grant was created and debited to the business rates account and made available for businesses to claim.

REDDITCH BOROUGH COUNCIL

3.30 Applications for restart grant were made through an on-line portal and where a pre-vetted grant was held on the business rates account the application was approved and moved to payment. If the restart grant was not available then the customer was advised that they were not eligible and were given information on how to challenge this decision, and information on the availability of the ARG discretionary grant scheme.

Proactive marketing and engagement

3.31 The grant schemes have been proactively promoted by the authority through a mixture of

- Direct-mail and email promotion of grants;
- social media based promotion;
- dedicated covid business support webpages; and
- direct contact with eligible businesses including a 100% check in case of CSP.

3.32 Applications for grant have been made through an on-line portal which provides initial validation to ensure that the applicant is the registered business ratepayer and to enable relevant state-aid and grant subsidy declarations to be made.

3.33 Where an application for a mandatory grant has been unsuccessful, for example where a business which has been able to remain open has applied for a closure grant, the applicant is automatically considered for the discretionary grant schemes.

Summary of Grant Payments

3.34 The following table summarises the amount of funding distributed.

3.35 It should be noted that the Council is not able to award/distribute 100% of the funding allocated by central Government. This is because the allocations are based on a broad estimate of the number of business premises which may be eligible for grant. However, we are required to award grants to businesses only if they meet the conditions of grant set by Government and summarised in Appendix A. We are then required to return to government any funding allocated to us over and above the eligible spend.

REDDITCH BOROUGH COUNCIL

Scheme	Funding Received	# Grants Made	Total grant expenditure	% funding allocated
SBGf		927	9,270,000	
RHLG		238	4,720,000	
Total SBGF and RHLG	14,480,000	1,165	13,990,000	96.6%
LADGF	724,000	68	724,000	100%
LRSG (S)	0.0	0	0.00	0.00%
LRSG (C)	3,085,542	1,229	2,708,934.63	87.8%
LRSG (O)	169,968	305	125,668.13	73.9%
CSP	25,600	26	26,000	101.6%
CBLP	2,763,000	377	1,960,000	70.9%
Restart*	2,904,075	268	2,066,016	71.1%
ARG*	2,462,598	524	1,392,986.51	56.6%
Totals*	26,614,783		22,993,605	86.4%

* Note: Restart and ARG are ongoing and remain open for applications, therefore numbers subject to further change.

3.36 The table shows that the Council has distributed £22.99m as of 15th June 2021. The payments have been made to over 2000 businesses. In aggregate this represents 86.4% of the funding received being allocated to businesses to provide support during the pandemic. Detailed benchmarking analysis- as set out in Appendix B Covid-19 Business Support Grant Expenditure - demonstrates that the levels achieved are consistent with national levels.

3.37 It should be noted that measures are taken to monitor the speed and accuracy of the grant payments made. These steps include:

- Management oversight of awarding officer decisions and regular team meetings to discuss key issues.

REDDITCH BOROUGH COUNCIL

- Provision of detailed guidance notes to officers to assist in determination of grants.
- Liaising with BIES for key judgements and guidance
- Receiving and reviewing notifications from National Anti-Fraud network for attempted fraudulent applications and adjusting processes to prevent fraudulent applications.
- Reviewing the reasons for declining applications to ensure consistency in administration.
- Monitoring a formal appeals process as outline in Appendix C Covid-19 Business Support Grants Appeals and Refusals
- Monitoring the proportion of the allocated funding spend - using benchmarking data against peers (see Appendix)
- Completing Post Grant Assurance reviews to identify grants paid in error and overall risk of fraud and error.
- Recovering grants paid in error and fraudulent applications.

Next steps re ARG and Restart

- 3.38 The restart grant and ARG schemes remain live and open for applications. Applications for the restart grants will close on 30th June 2021 and the current round of ARG applications will close on 15th June 2021.
- 3.39 The payment of restart grants and ARG will continue until 31st July 2021 and 31st March 2022 respectively after which time and following the completion of any further post payment assurance and grant reconciliation activities the council's administration of the grants will end.
- 3.40 To ensure the maximum take up for the restart grant eligible business have received direct email or mail shot letters advising of the availability of restart grant and inviting an application for support.
- 3.41 An amount of £1.07m remains available under the ARG scheme to support eligible businesses, provisional assessment of applications received show £739,000 pending for payment to qualifying businesses, leaving a balance of approximately £330,600 available for further support.
- 3.42 Where all available ARG funding is defrayed by 31st July 2021 an authority can access a third tranche of funding.

REDDITCH BOROUGH COUNCIL

3.43 In line with delegated authorities, prior to 31st July steps will be taken to ensure that ARG spending will be maximised to access the third tranche of funding. Actions to maximise ARG expenditure will include

- Clearing pending applications
- reviewing the support provided to existing applicants to enable the businesses with the greatest impact from Covid-19 to receive an additional payment of ARG.
- Where a business has been required to pay their business rates during the period of the pandemic but has been unable to make payments due to the impact on their industry then the additional grant may include a payment equivalent to the business rates liability. This payment must be made to business and cannot be offset against the business rates account.

Financial Implications

3.44 The costs of Covid-19 support grants are met by direct funding received from central Government. The authority is required to administer grants in accordance with guidance set out by Government and where expenditure has been made that is not in-line with the guidance then the costs of grants provided will be required to be met by the authority.

3.45 The costs of administering grants, including ICT investment and staff resources are met through the provision of section 31 new burdens funding.

Legal Implications

3.46 No specific implications.

REDDITCH BOROUGH COUNCIL

Service/Operational Implications

- 3.47 The administration of scheme has placed significant additional pressures on resources within the Revenue Service Section. This pressure has resulted in delays in the administration of routine business as usual
- 3.48 The service is being supported by provision of external processing capacity from Northgate Public Services and the re-allocation of routine council tax and non-domestic rates enquires to the council's customer services team.

Customer / Equalities and Diversity Implications

- 3.49 No Specific Implications

4 RISK MANAGEMENT.

- 4.1 The table below identifies specific risks and mitigations in relation to the administration of grants. The table is not exhaustive and provides information on the main identified risks.

Risks	Mitigations
Financial Impact on authority due to the payment of Non-Compliant Grants	Detailed guidance notes for the provision of grant schemes provided to officers. Briefings and lessons learned meetings held throughout period of grant administration. Management review of grants paid to customers to identify errors or potential issues in administration. Post Payment Assurance processes in place to review grants and recover payments made in error. Application forms include declaration from customer to confirm they have read scheme guidance; they meet eligibility criteria and understand grants paid in error are recoverable.
Reputational harm from failure to pay grants to businesses /Businesses failing to access all available support.	Availability of grants promoted through social media channels. Grant payments made automatically where schemes allow for proactive payment.

REDDITCH BOROUGH COUNCIL

	All applications for LRSB vetted for eligibility to other grant schemes.
Administration burden on Revenue Services	Offsite processing support provided by Northgate Public Services Adjustments to Council Tax and Non-Domestic Rates recovery processes to remove spikes in demand and control reactive demand. Re-allocation of telephone enquires to Customer Services Team.
Fraudulent Applications for support	Subscription to NAFN alerts to identify national identified frauds. Post Payment assurance processes to identify grants paid in error and recover overpayments. Management review of grant payments to ensure payments are made in line with schemes. Bank Account validation and evidence of valid bank account required for grant applications.

5. **APPENDICES**

Appendix A: Covid-19 Business Support Grant Eligibility Summary

Appendix B: Covid-19 Business Support Grant Expenditure

Appendix C: Covid-19 Business Support Grant Appeals and Refusals

6. **BACKGROUND PAPERS**

Grant Expenditure and Monitoring Reports held within Revenues Services.

Government Grant Guidance manuals including:

- Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF): Guidance for local authorities
- Local Authority Discretionary Grant Fund: Guidance for local authorities.
- Restart Grant
- Business Support Package for January 2021 lockdown:
- Local Restrictions Support Grant (Closed) Addendum
- Additional Restrictions Grant (ARG)
- Local Restriction Support Grant (Closed) Version 2

REDDITCH BOROUGH COUNCIL

- Local Restriction Support Grant (Closed)
- Local Restriction Support Grant (Closed) Addendum Tier 4
- Local Restrictions Support Grant (Open) Version 2
- Local Restrictions Support Grant (Open)
- Local Restrictions Support Grant (Sector)
- Christmas Support Payment for Wet-Led Pubs

All guidance available on-line at

[Local Restrictions Support Grants \(LRSG\), Restart Grant, Additional Restrictions Grant \(ARG\): guidance for local authorities - GOV.UK \(www.gov.uk\)](#)

[Coronavirus \(COVID-19\): business support grant funding - guidance for local authorities - GOV.UK \(www.gov.uk\)](#)

7. **Key**

SBGF:	Small Business Grant Fund
RHLG:	Retail, Hospitality and Leisure Grant Fund
LADGF:	Local Authority Discretionary Grant Fund
LRSG(S):	Local Restriction Support Grant (Sector)
LRSG(C):	Local Restriction Support Grant (Closed)
LRSG(O):	Local Restriction Support Grant (Open)
CSP:	Christmas Support Payment for Wet-Led Pubs
CBLP:	Closed Business Lockdown Payment
Restart:	Restart Grant Scheme
ARG:	Additional Restrictions Grant

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