

CORPORATE FINANCE AND PERFORMANCE SCRUTINY PANEL	DATE: 16 September 2021	ITEM NO 6
REPORT TITLE: COVID-19 – Business Support Grant Schemes 1st November 2020 to 30th June 2021		WARDS All
CHIEF OFFICER Director of Finance	CABINET MEMBER Finance & Resources	

I Purpose of Report

- I.1 To note the work undertaken to implement the payment of business rate grants to individuals / businesses (with liability for business rates) qualifying under the Government’s Covid-19 business support schemes.
- I.2 The Panel has previously received a report on the implementation of the earlier Government Covid-19 business support schemes; Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund.
- I.3 The payments were awarded in order to support businesses that were required to close or were impacted as a result of localised restrictions under the following government schemes and covered the period 5th November to 31st March 2021:
- Local Restrictions Support Grant (Closed)
 - Local Restrictions Support Grant (Closed) Addendum
 - Local Restrictions Support Grant (Sector)
 - Christmas Support Payments for Wet-Led Pubs
 - Closed Businesses Lockdown Payment
 - Local Restrictions Support Grant (Closed) Addendum 5 January onwards

The Government also introduced the Restart Grant scheme which became effective from April 2021. The payments were awarded in order to support businesses in reopening safely as the covid-19 restrictions were lifted.

2. Links to Royal Greenwich high level objectives

2.1 This report relates to the Royal Borough's agreed high-level objectives as follows:

- Continue to achieve excellence and good governance in the management of public finances

3 Background

3.1 In response to the ongoing Covid-19 pandemic the government announced a range of measures aimed at providing support to vulnerable individuals, employees and businesses.

3.2 Part of the response was the provision of business rates grants. A clear message was provided that it was essential for the survival of many local businesses that the Royal Borough provided this support and awarded the grants to businesses as soon as possible.

3.3 The Royal Borough received an assurance that the Government would meet the cost of the grant payments in full, including the cost burden incurred in implementation and management of the scheme.

3.4 Whilst the Government issued broad guidelines for each of the schemes it was for each local authority to design and implement its own processes and procedures in order to administer the schemes.

3.5 The Panel received a previous report on the implementation of the initial Covid-19 business support schemes that were introduced at the beginning of lockdown at its meeting of 7th October 2020.

3.6 This report is presented to provide Members with similar information in relation to the subsequent Covid-19 business support schemes where the Royal Borough awarded grant payments to individuals / businesses (with liability for business rates).

4 The Schemes

- 4.1 Similar to the previous business support schemes implemented by the Business Rates Team, the application process in respect of each of the subsequent schemes was online via the Royal Borough's website.
- 4.2 The Business Rates Team identified individuals / businesses that were eligible to apply for each scheme as they became available and ensured that the individuals / businesses were notified of the scheme and how to submit an applicant via the Royal Borough's website.
- 4.3 It is fair to say that the number of schemes and the associated qualifying criteria added a significant degree of complication to an already difficult workload for the Business Rates Team.
- 4.4 There were other grant schemes administered during this time, the Local Restrictions Support Grant (Open) and the Additional Restrictions Grant, however these allowed for the Royal Borough to use some discretion in relation to the amounts and recipients.
- 4.5 Given the discretionary nature of these grants, these schemes were managed by colleagues in the Directorate of Regeneration, Enterprise and Skills. A separate item in relation to these schemes is included elsewhere on the agenda for this meeting.
- 4.6 The schemes administered by the Business Rates Team in Finance are detailed in table 1 overleaf. All of these schemes were 'mandatory' in nature in that the parameters and qualifying conditions were set by Government and were linked to the specific nature of the business being provided and the business being liable to pay business rates to the Royal Borough.
- 4.7 The Restart Grant scheme which began in April 2021 was also mandatory in nature but in design further divided businesses into two separate strands.
- 4.8 Strand One, representing eligible businesses in the non-essential retail sector, who may be entitled to a single grant payment of up to £6,000 and Strand Two, representing eligible businesses in the hospitality, accommodation, leisure, personal care and gym sectors who may be entitled to a single grant payment of up to £18,000.

Table 1 – Business Support Schemes administered by the Business Rates Team

Business Grant Support Scheme	Period Covered
Local Restrictions Support Grant (Closed) Addendum	5th November to 2nd December 2020
Local Restrictions Support Grant (Closed)	16th December 2020 to 19th December 2020
Local Restrictions Support Grant (Closed) Addendum Tier 4	20th December 2020 to 4th January 2021
Local Restrictions Support Grant Sector	1st November 2020 to 4th November 2020 & 3rd December 2020 to 15th December 2020
Closed Business Lockdown Payment	5th January 2021 to 31st March 2021
Christmas Support Payment for wet-led pubs	2nd December 2020 to 29th December 2020
Local Restrictions Support Grant (Closed) Addendum 5 January onwards	5th January 2021 to 31st March 2021
Restart Grant	1st April 2021 to 30th June 2021

Local Restriction Support Grant (Closed) Addendum

4.9 Grants were paid to individuals / businesses liable to pay business rates that had to close because of government restrictions during the national lockdown from 5th November to 2nd December 2020. This included non-essential retail, leisure, personal care, sports facilities and hospitality businesses. Grant amounts were dependent on the rateable value of the business premises and were calculated by the government:

Table 2 – Grant amounts Local Restrictions Support Grant (Closed) Addendum

Rateable Value	Grant amount
Rateable value of below £15,001	£1,334
Rateable value of between £15,001 to £50,999	£2,000
Rateable value of over £50,999	£3,000

Local Restriction Support Grant (Closed)

- 4.10 Grants were paid to individuals / businesses liable to pay business rates that had to close because of government restrictions under Tier 3, Tier 4 and national lockdown restrictions. This included non-essential retail, leisure, personal care, sports facilities and hospitality businesses.
- 4.11 The amount of grant awarded was ordinarily calculated by the Government using a 14 day or 28 day qualifying period and grant payments would represent an amount in relation to whichever qualifying period was determined.
- 4.12 However, in this instance, the Royal Borough similar to London as a whole entered Tier 3 restrictions on 16th December 2020 and entered Tier 4 restrictions on 20th December 2020.
- 4.13 In the circumstances, the grants awarded under this scheme were subject to pro-rata calculations based on the dates of entry and exit from Tier 3 restrictions.

Table 3 – Grant amounts Local Restrictions Support Grant (Closed) (16.12.20 -19.12.20)

Rateable Value	Grant amount
Rateable value of below £15,001	£190.57
Rateable value of between £15,001 to £50,999	£285.71
Rateable value of over £50,999	£428.57

Local Restriction Support Grant (Closed) Addendum Tier 4

- 4.14 Grants were paid to individuals / businesses liable to pay business rates that had to close because of government restrictions under Tier 3, Tier 4 and national lockdown restrictions. This included non-essential retail, leisure, personal care, sports facilities and hospitality businesses.
- 4.15 The Royal Borough entered Tier 4 restrictions on 20th December 2020 with national lockdown restrictions commencing on 5th January 2021. The amount of grant to be awarded was again subject to pro-rata calculations based on the dates of entry and exit from Tier 4 restrictions.

Table 4 – Grant amounts Local Restrictions Support Grant (Closed) Addendum
(20.12.20 – 04.01.21)

Rateable Value	Grant amount
Rateable value of below £15,001	£762.29
Rateable value of between £15,001 to £50,999	£1,142.86
Rateable value of over £50,999	£1,714.29

Local Restriction Support Grant (Closed) Addendum 5 January onwards

- 4.16 Grants were paid to individuals / businesses liable to pay business rates that had to close because of government restrictions under national lockdown restrictions. This included non-essential retail, leisure, personal care, sports facilities and hospitality businesses.
- 4.17 The amount of grant to be awarded under this part of the scheme were based on the standard government grant award calculations using the 14 day / 28-day periods of entitlement. However, in the circumstances, there were separate periods of entitlement awarded, initially a period of 6 weeks was calculated (this brought the calculation in line with the formal government lockdown review dates and the set 14 / 28-day periods of calculation).
- 4.18 After the initial period covering 5th January 2021 to 15th February 2021 a subsequent further period covering 16th February 2021 up to the end of the financial year on 31st March 2021 was also awarded under this grant scheme. The amounts awarded in respect of the latter period were increased slightly on a pro-rata basis given the slightly longer period covered.

Table 5 – Grant amounts Local Restrictions Support Grant (Closed) Addendum
(05.01.21 – 15.02.21)

Rateable Value	Grant amount
Rateable value of below £15,001	£2,001
Rateable value of between £15,001 to £50,999	£3,000
Rateable value of over £50,999	£4,500

Table 6 – Grant amounts Local Restrictions Support Grant (Closed) Addendum
(16.02.21 – 31.03.21)

Rateable Value	Grant amount
Rateable value of below £15,001	£2,096
Rateable value of between £15,001 to £50,999	£3,143
Rateable value of over £50,999	£4,714

Local Restriction Support Grant (Sector)

- 4.19 This was a mandatory scheme dedicated to nightclubs and adult entertainment venues who were liable for business rates that had to close from 23rd March 2020 and who had remained closed under the restrictions.
- 4.20 The Government asked local authorities to award grants for each 14-day period of closure from 1 November 2020. Eligibility was not backdated.
- 4.21 In this instance the Local Restrictions Support Grant (Closed) Addendum began on 5th November 2020, meaning that the (Sector) grant only covered a 4-day period from 1st November 2020 to 4th November 2020 and a subsequent period of 13 days between 3rd December 2020 up to 15th December 2020 prior to the introduction of the Local Restriction Support Grant (Closed) scheme.

Table 7 – Grant amounts Local Restrictions Support Grant (Sector)

Rateable Value	Grant amount
Rateable value of below £15,001	£667
Rateable value of between £15,001 to £50,999	£1,000
Rateable value of over £50,999	£1,500

Christmas Support Payment for wet-led pubs

- 4.22 On 1st December 2020, the Government announced the introduction of additional support over the festive period for wet-led pubs in areas under Tier 2 or 3 restrictions.

- 4.23 Local authorities were tasked with administering this scheme aimed at ‘wet-led’ pubs. Pubs that derived over 50% of their income from food sales were not eligible to receive funding through this grant scheme.
- 4.24 The amount to be awarded was a single flat-rate grant payment of £1,000 and was to be paid to any ‘wet-led’ pub that was situated in a local authority area that was placed under Tier 2 or Tier 3 restrictions for all or part of the period between 2nd December 2020 and 29th December 2020.

Closed Business Lockdown Payment

- 4.25 This grant was a one-off single payment available to businesses in addition to the payments made under the Local Restrictions Support Grant Scheme (Closed) Addendum Scheme.
- 4.26 Grants were paid to individuals / businesses liable to pay business rates that had to close because of the national lockdown restrictions that began on 5th January 2021.
- 4.27 The amount of grant to be awarded was calculated by the Government.

Table 8 – Grant amounts Closed Business Lockdown Payment

Rateable Value	Grant amount
Rateable value of below £15,001	£4,000
Rateable value of between £15,001 to £50,999	£6,000
Rateable value of over £50,999	£9,000

Restart Grant

- 4.28 On 3rd March 2021 the Government announced the introduction of the Restart Grant scheme. A one-off grant award to non-essential retail, hospitality, accommodation, leisure, personal care and gym businesses who were liable to pay business rates.
- 4.29 The scheme was divided into two separate strands. Strand One related to non-essential retail and was focussed on businesses offering in-person non-essential retail to the general public.

4.30 The government guidance identified a number of specific businesses types that were to be excluded from the definition of non-essential retailers;

food retailers, including food markets, supermarkets, convenience stores, corners shops, off licences, breweries, pharmacies, chemists, newsagents, animal rescue centres and boarding facilities, building merchants, petrol stations, vehicle repair and MOT services, bicycle shops, taxi and vehicle hire businesses, education providers including tutoring services, banks, building societies and other financial providers, post offices, funeral directors, laundrettes and dry cleaners, medical practices, veterinary surgeries and pet shops, agricultural supply shops, garden centres, storage and distribution facilities, wholesalers, employment agencies and businesses, office buildings, automatic car washes and mobility support shops.

Table 9 – Grant amounts Restart Grant – Non-essential retail

Rateable Value	Grant amount
Rateable value of below £15,001	£2,667
Rateable value of between £15,001 to £50,999	£4,000
Rateable value of over £50,999	£6,000

4.31 Strand Two related to businesses based in the hospitality, leisure, accommodation, gyms and sports and personal care sectors.

4.32 The government guidance again identified a number of specific businesses types that were to be excluded from Strand Two;

- hospitality excluded food kiosks and business whose main business was ‘takeaways’.
- leisure excluded tour and coach tour operators.
- accommodation excluded private dwellings, education accommodation, residential homes and care homes
- gym and sports excluded home gyms
- personal care excluded businesses providing dental services, opticians, audiology, chiropody, chiropractors and other medical / health services

Table 10 – Grant amounts Restart Grant – hospitality, accommodation, leisure, personal care and gym sectors

Rateable Value	Grant amount
Rateable value of below £15,001	£8,000
Rateable value of between £15,001 to £50,999	£12,000
Rateable value of over £50,999	£18,000

5 Grants awarded

- 5.1 The Government provided the Royal Borough with funding to deliver all of the schemes identified in this report.
- 5.2 The Government have also stated that they will provide additional burden funding to the Royal Borough in relation to the costs incurred in administering the schemes locally on behalf of the government.
- 5.3 The table overleaf provides a breakdown of the number and value of grants awarded under each scheme.
- 5.4 In all of the schemes administered by the Business Rates Team the start of each process began with estimating how many eligible businesses there may be based on the qualification requirements for each scheme.
- 5.5 Given the nature of business rates and the description of properties these can only ever be estimates. The official description of a property is set by the Valuation Office Agency and not the Royal Borough. Likewise, the description of a property can only be amended by the Valuation Office Agency.
- 5.6 As a result there will be business premises for example that may have a formal description as 'shop and premises' where the description has not been amended officially even though the use of the premises in reality may have changed.
- 5.7 Whilst in the majority of cases this did not represent an issue given that retail and in person footfall was a key criterion of most of the schemes, this was a potential issue when it came to the awarding of Restart Grants.

Table 11 – Number and amount of grants awarded via scheme

Scheme	Grant Value	No of Grants Awarded	Value of Grants Awarded
Local Restrictions Support Grant (Closed) Addendum	£1,334	701	£935,134
	£2,000	287	£574,000
	£3,000	142	£426,000
Local Restrictions Support Grant (Closed)	£190.57	576	£109,768.32
	£285.71	231	£65,999.01
	£428.57	123	£52,714.11
Local Restrictions Support Grant (Closed) Addendum Tier 4	£762.29	743	£566,381.47
	£1,142.86	310	£354,286.60
	£1,714.29	162	£277,714.98
Local Restrictions Support Grant Sector	£667	Nil	Nil
	£1,000	1	£928.57
	£1,500	Nil	Nil
Closed Business Lockdown Payment	£4,000	763	£3,052,000
	£6,000	323	£1,938,000
	£9,000	165	£1,485,000
Christmas Support Payment for wet-led pubs	£1,000	69	£69,000
Local Restrictions Support Grant (Closed) Addendum 5 January onwards 5 January 2021 to 15 February 2021	£2,001	763	£1,526,763
	£3,000	323	£969,000
	£4,500	165	£742,500
Local Restrictions Support Grant (Closed) Addendum 5 January onwards 16 February 2021 to 31 March 2021	£2,096	759	£1,590,864
	£3,143	320	£1,005,760
	£4,714	165	£777,810
Restart Grant Non-essential Retail	£2,667	321	£856,107
	£4,000	119	£476,000
	£6,000	49	£294,000
Restart Grant Hospitality, accommodation, leisure, personal care and gym sectors	£8,000	474	£3,792,000
	£12,000	212	£2,544,000
	£18,000	121	£2,178,000

5.8 Prior to the closure of each of the schemes the Business Rates Team undertook a further “sweep” of businesses that had not applied; undertaking further enquiries, including visiting the business premises where necessary to ensure that all potential qualifying businesses received a further invitation to submit an application for the scheme in good time.

5.9 There are a number of reasons why an individual / business may not have submitted an application:

- A number of properties believed to be occupied were then established to be empty and ineligible for a grant. These relate primarily to those where the Small Business Rate Relief was in place.
- A number of properties identified were found to have ceased trading.
- Other properties where the occupying businesses were found to be limited companies in the midst of liquidation or were dissolved
- Some businesses indicated that they may risk breaching State Aid rules were they to apply.
- Some businesses declined to submit an application stating that their business had not been adversely affected.
- Qualifying criteria for some of the grants stated the properties had to be used for the sale of goods / provision of services to visiting members of the public; some businesses were not open to the public and were thus ineligible.
- The guidance also outlined certain service providers that were ineligible such as properties used for medical services (vets, dentists, doctors, osteopaths and chiropractors), financial services, banks, building societies, bureaux de change and professional services (solicitors, accountants, financial advisers).

- 5.10 There were other individuals / businesses that were ineligible under the grant schemes; businesses occupying shared office spaces, cafes in parks and some individuals / businesses who provided support services to other companies in the retail, hospitality and leisure sector but with no interaction with visiting members of the public.
- 5.11 In instances where the individual / business was ineligible for support under the various schemes for business rate payers, the Business Rates Team referred the individual / business to colleagues in the Directorate of Regeneration Enterprise and Skills who were administering the discretionary award schemes; the Additional Restrictions Grant and the Local Restrictions Support Grant (Open) schemes.

6 Appeals

- 6.1 Whilst there was no formal right of appeal against the Royal Borough's decision to withhold a grant, it was determined when designing the application process that in the event of a complaint or dispute as to eligibility that the decision of the Business Rates Team would be reviewed by the Assistant Director of Finance (Governance & Audit).
- 6.2 This facilitated a consistent and transparent approach and for reviews to be conducted speedily.
- 6.3 Whilst there were no instances where a decision of the Business Rates Team required 'overturning' there were a small number of cases where it was identified that technically the businesses were ineligible for grant assistance and some where once further enquiries were conducted it became clearer that the decision not to award the grant was fully justified.
- 6.4 Although not representing an appeal as such given the nature of the property descriptions and the change of usage of some properties there were instances where Restart Grant applications were invited under the non-essential retail strand where it was later established that the premises and the nature of business qualified under the hospitality, leisure or personal care strand.
- 6.5 In each instance the Business Rates Team ensured that the correct (and higher value) grant was awarded to the applicant.

7 Statistical Returns

- 7.1 Given that the schemes were funded by the Government part of the overall process required the monitoring and provision of statistical returns detailing information such as the volume of applications, payments awarded and instances of potential fraud.
- 7.2 The Royal Borough is required to provide a weekly return to the Government, specifically the Department for Business, Energy and Industrial Strategy detailing all grant payments awarded in respect of the business support grant schemes running at that time, including any discretionary grant schemes, not just those administered by the Business Rates Team.
- 7.3 A further statistical return providing greater detail is also required by the Department for Business, Energy and Industrial Strategy on a monthly basis.

8 Fraud

- 8.1 At the Panel meeting in October 2020, Members were advised of fraudulent activity in relation to the Small Business Grant and the Retail Hospitality and Leisure Grant schemes that were introduced at the beginning of the response to the pandemic.
- 8.2 Internal Audit & Anti-Fraud assumed responsibility for these investigations with support from the Business Rates Team.
- 8.3 Utilising powers under the Proceeds of Crime Act 2002 the Financial Investigator located within Internal Audit & Anti-Fraud has sought Production Orders at Crown Court to obtain information and bank statements for the accounts into which the grant monies were paid.
- 8.4 The Financial Investigator has also sought Restraint Orders on a number of bank accounts so that the funds in the accounts could be frozen until the investigation is completed.

- 8.5 The National Fraud Initiative administered by the Cabinet Office also subsequently operated a data matching initiative which took business grant payment data from every local authority.
- 8.6 The output from the initiative was received in late April 2021 and mainly highlighted instances where more than one Small Business Grant had been awarded to the same individual / business bank account.
- 8.7 The majority of cases identified by the data matching exercise all had genuine reasons as to why the individual / business would have received more than one grant.
- 8.8 Internal Audit are conducting further enquiries in relation to 6 matches received from the data output.
- 8.9 There has been very little fraudulent activity seen in relation to the subsequent grant schemes detailed in this report. As part of the initial schemes the datasets and records held by the Business Rates Team have been reviewed and updated based on the information gleaned and grant applications received.
- 8.10 This has in turn restricted the opportunity for fraudulent applications. Whilst there have been specific grant applications that have raised concerns, both the Business Rates Team and Internal Audit have had the opportunity to examine individual applications and determine whether they meet the eligibility criteria.
- 8.11 It is not known whether the Cabinet Office will operate a similar data matching exercise in respect of the latter grant schemes introduced by the government.

9 Conclusion

- 9.1 The Finance and Legal Services Directorate has responded well in these unprecedented times in relation to the business grant schemes, becoming a critical front-line service, which was enabled through close working and collaboration between the Business Rates, Treasury Management, Financial Systems, Internal Audit & Anti-Fraud and Web Design teams to ensure that the grant payments reached the businesses within the Royal Borough speedily and efficiently.

9.2 The Business Rates Team in particular has performed extraordinarily well in the face of such high demand for its services within such a short timeframe; creating and implementing application and payments processes, managing the ongoing contact, engagement and response to individual businesses.

10 Cross Cutting Issues and Implications

Issue	Implications	Sign-off
Legal including Human Rights Act	The report asks members to note the work carried out by the Council exercising emergency powers to provide business rates grants in response to the Covid-19 pandemic. No legal issues arise.	Azuka Onuorah Head of Legal Services 26th August 2021
Finance	This report provides an update on the administration of the Business Rates Grants schemes set up by the Government to support businesses in response to the Covid-19 pandemic. The various schemes are detailed in sections 4-5. The grants are funded by Central Government.	Michael Bate Assistant Director of Corporate Finance 24th August 2021
Equalities	The decisions recommended through this paper relate to the implementation of a government grant to businesses and have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.	Cathy Howell Head of Revenue & Debt 23rd August 2021
Climate change	The decisions recommended through this paper have a remote or low relevance to the substance of the Greenwich Carbon Neutral Plan.	Cathy Howell Head of Revenue & Debt 23rd August 2021

Background Papers: None

Report Author: Cathy Howell
Head of Revenue & Debt

Tel: 0208 921 5266

Email: cathy.howell@royalgreenwich.gov.uk

Reporting to: Brendan Costello
Assistant Director of Finance

Tel: 0208 921 5239

Email: brendan.costello@royalgreenwich.gov.uk

Chief Officer: Damon Cook
Director of Finance

Tel: 0208 921 3508

Email: damon.cook@royalgreenwich.gov.uk