

# Audit and Governance Committee



Date of meeting:	25 July 2023
Title of Report:	<b>Covid Business Grants Assurance</b>
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Carolyn Haynes
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Your Reference:	Covid B Grants/Audit July 2023
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

The Council has recently received confirmation from the Department for Business, Energy and industrial Strategy (BEIS) that they have completed their work on the Post Payment Assurance for Covid-19 Business Grants. This report provides background to the Covid Business Grant schemes that the Council operated during 2020-21 and 2021-22 including a summary of the payments made for all schemes. This report provides an update on all assurance work undertaken on the Covid Business Grant schemes over the last three years including the most recent communication from BEIS in June 2023.

## Recommendations and Reasons

I. The Audit and Governance Committee to note the contents of this report.

## Alternative options considered and rejected

This report is for information only.

## Relevance to the Corporate Plan and/or the Plymouth Plan

Vital support was provided to local businesses during the Covid-19 pandemic, but not at the cost to the local Council Tax payer and the protection of public money is assured.

## Implications for the Medium Term Financial Plan and Resource Implications:

None as a result of this report.

## Financial Risks

None.

## Carbon Footprint (Environmental) Implications:

None.

## Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

N/A

## Appendices

\*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
		1	2	3	4	5	6	7
A	Covid-19 Business Grants							

## Background papers:

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7
COVID Business Grants – Post Scheme Assurance Internal Audit Report							
BEIS Covid-19 Business Grant Funding Schemes Assurance Guidance for Local Authorities							
NAO Report Covid-19 Business Grant Schemes							

## Sign off:

Fin	HLS 1307 23	Leg	LS/0 0001 075/ 5/AC /13/7 /23	Mon Off	LS/0 0001 075/ 5/AC /13/7 /23	HR	Click here to enter text.	Asset s	Click here to enter text.	Strat Proc	Click here to enter text.
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 03/07/2023											
Cabinet Member approval: <i>approved by email</i> Date approved: 13/07/2023											

## **Covid Business Grants Assurance**

### **I. Introduction**

- 1.1 Over the course of the Covid-19 pandemic the government launched a series of financial and other measures to support businesses and to soften the impact of the Covid restrictions.
- 1.2 In early March 2020 the government announced that it would provide grants to support smaller businesses in England. The grants were to be administered by local authorities. Between March 2020 and December 2021 the government launched eight separate grant schemes in three cohorts. By the end of March 2022 the government had provided £26.9 billion of funding across the schemes to local authorities, of which local authorities had distributed £22.6 billion to businesses via 4.5 million payments.
- 1.3 90% of the funding was provided via targeted schemes, available to business sectors that had been required by law to close, including hospitality, leisure and retail and those which had been severely affected by restrictions or guidance put in place. The remaining 10% of funding was provided via discretionary schemes extending the reach of support to additional business sectors impacted by the pandemic. As COVID-19 restrictions were relaxed, the Restart Grant scheme provided support to businesses as they reopened. In January 2022, in response to the Omicron variant, further funding, both targeted and discretionary was provided.
- 1.4 HM Treasury (HMT) decided the key features for each scheme, including the high-level eligibility criteria. In doing so, HMT worked with the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Levelling Up, Housing & Communities (DLUHC).
- 1.5 Working under significant pressure, BEIS and local authorities succeeded in establishing the schemes and distributing the initial support to businesses quickly.
- 1.6 Grant award letters were issued to Local Authorities for all grant schemes on the understanding that the Local Authority was required to undertake appropriate and proportional assurance checks on all grants issued.
- 1.7 The Secretary of State confirmed to Local Authorities that BEIS would underwrite the payment of grants made on the COVID-19 Business Support Schemes if the Local Authority acted in a reasonable and practicable manner in the award of the grant.
- 1.8 The Section 151 Officer was required to exercise their duties in line with the Chartered Institute of Public Finance and Accountability (CIPFA) guidance, ensuring their oversight of the proper administration of the grants and was to be satisfied that within their Local Authority all subsidy control requirements had been fully met (or state aid where a grant was awarded prior to 31/12/2020). They were also required to ensure that appropriate action had been taken or followed to reduce and challenge the risk of fraud.

## 2. Plymouth Business Grant Schemes

2.1 The Business Grant schemes operating across 2020/21 and 2021/22 are set out in the table below. The Council paid out £95.857 million in Government grants to more than 6,029 local businesses during 2020/21 and 2021/22.

A huge team of up to 50 staff from several departments across the Council were involved in the largest business grant exercise the Council has ever undertaken. There were a number of separate Government grant schemes to administer over the two years of administration, this involved running a business helpline, providing Frequently Answered Questions (FAQs) and regular updates on the Council and Invest Plymouth website and proactively reaching out to businesses that were eligible for payments to ensure they didn't miss out on the funding made available by Government. The support was vital to help businesses survive ongoing restrictions.

The processes for applications were continually being developed with each new scheme with Finance acting as a 'back stop' conducting final checks on the proposed payments to reduce the risk of fraud and duplication.

The Council spent 100% of its allocation for the award of discretionary Business Grants where it was acting as Principal and did its best to identify eligible businesses where it was acting as an agent for the government. The table below summarises the position for each grant scheme at the end of the two year period of administration.

### 2.2

<b>COVID Business Grants</b>							
Grant Name	Funding	Spend	Balance	Payment Count	Unique Business Count	% Spend	Scheme Status
<b><u>Lockdown 1</u></b>							
SBRG and RLHSG	£45,457,650	£45,415,000	£42,650	3,748	3,519	100%	Closed
Discretionary Scheme	£2,270,750	£2,270,750	£0	367	357	100%	Closed
	<b>£47,728,400</b>	<b>£47,685,750</b>	<b>£42,650</b>	<b>4,115</b>	<b>3,870</b>		
<b><u>Lockdown 2</u></b>							
LRSB (Closed) November	£4,009,122	£3,302,344	£706,778	2,075	1,878	82%	Closed
<b><u>December 2020 Tier 2/3 Restrictions</u></b>							
LRSB (Closed) December	£291,260	£335,320	£-44,060	447	425	115%	Closed
LRSB (Open) December	£1,079,936	£813,532	£266,404	647	602	75%	Closed
Christmas Support Payment	£118,000	£117,000	£1,000	117	108	99%	Closed
	<b>£1,489,196</b>	<b>£1,265,852</b>	<b>£223,344</b>	<b>1,211</b>	<b>722</b>		
<b><u>Other Lockdown 2 &amp; Tier 2/3</u></b>							
LRSB (Sector)	£0	£33,281	£-33,281	10	9	N/A	Closed
<b><u>Lockdown 3</u></b>							
LRSB (Closed) January	£6,013,683	£4,993,521	£1,020,162	2,090	1,892	83%	Closed
Closed Business Lockdown Payment	£12,024,000	£10,002,000	£2,022,000	2,092	1,893	83%	Closed
LRSB (Closed) February	£6,300,049	£5,171,162	£1,128,887	2,070	1,878	82%	Closed
	<b>£24,337,732</b>	<b>£20,166,683</b>	<b>£4,171,049</b>	<b>6,252</b>	<b>1,982</b>		
<b><u>Post Lockdown 3</u></b>							
Restart Grant	£13,788,369	£12,037,437	£1,750,932	1,573	1,417	87%	Closed
<b><u>Post Lockdown 1 Discretionary</u></b>							
Additional Restrictions Grant	£9,040,203	£9,040,203	£0	3,609	2,383	100%	Closed
<b><u>Omicron</u></b>							
Omicron Hospitality and Leisure Grant	£2,658,168	£2,325,478	£332,690	696	622	87%	Closed
<b>Totals</b>	<b>£103,051,190</b>	<b>£95,857,028</b>	<b>£7,194,162</b>	<b>19,541</b>	<b>6,029</b>	<b>93%</b>	

2.3 The Covid-19 Business Grant Schemes were audited by the Devon Audit Partnership (DAP) in July 2021 who gave an audit opinion of 'Reasonable Assurance'. DAP undertook a review of the processes in place to mitigate the likelihood of inappropriate grant payments being made and to determine the effectiveness of the control environment. Their work included review of the following:

- Appropriate pre and post payment assurance checks were undertaken, in line with a robust fraud risk assessment;
- Eligibility had been properly determined in line with the scheme guidance;
- Payments were effectively processed and accurately recorded;
- Subsidy Control rules were adhered to;
- Scheme activity, including instances of fraud were effectively monitored and reported.

2.4 The NAO produced a report in March 2023 titled COVID-19 Business Grant Schemes which reported on the effectiveness of government in setting up and delivering the grant schemes. This report assesses how BEIS and HMT performed against a variety of expectations where officials were expected to:

- Consider risks at the start, and put in place basic controls;
- Improve their understanding of risks and the effectiveness of controls over time, refining the programme accordingly;
- When possible carry out proportionate evaluation of the programme, including lessons that can be applied in the future.

The report places particular emphasis on identifying lessons and steps the government can take to enhance its preparedness for future emergencies.

2.5 BEIS have undertaken a lot of Post Payment Assurance work (PPAS) with the Council since the last of the schemes closed and the Council have recently received the results of the last of the PPAS assurance work for cohort 2 (Local Restrictions Support Grant, Restart, ARG and OHLG schemes). BEIS 'were pleased to confirm that, based on the assurance evidence supplied by the Council, none of the businesses that we have assessed have been identified as ineligible for the grant they received'.

2.6 The Council was thanked for their patience, support and assistance during this process. BEIS view this to be a successful program of grants in an unprecedented situation and stated that 'We should all be proud of the hard work and dedication that has gone into achieving this'.