

POLICY & FINANCE COMMITTEE

26 NOVEMBER 2020

COVID-19 REVENUE SUPPORT - BUSINESS GRANTS AND ASSURANCE, COUNCIL TAX HARDSHIP FUND, TEST AND TRACE SUPPORT PAYMENTS

1.0 Purpose of Report

- 1.1 This report aims to provide Members with an update on the administration of a number of revenue support schemes including the business rate grant fund(s), the council tax hardship fund and test and trace support payments.
- 1.2 Also to inform and provide assurance to Members of the pre and post checks that have been conducted so far.

2.0 Background Information

- 2.1 To support businesses affected by the pandemic, the Government increased the business rates retail discount to 100% for 2020/21 and also extended the discount to the leisure and hospitality sector. Further relief included an increase to business rates discount for pubs, and the introduction of reliefs for nurseries.
- 2.2 Government also announced that there would be support for small businesses, and businesses in retail, hospitality and leisure sectors. This support is in the form of two grant schemes; the Small Business Grant Fund, and the Retail, Hospitality and Leisure Grant Fund.
- 2.3 In addition, on 1 May, Government announced the Discretionary Grant Fund for local authorities to provide grants for small and micro businesses that were unable to access other grant funding and are not eligible under the first grant scheme.
- 2.4 The Government also announced a £500 million fund for local government to provide support to economically vulnerable households. On 24 March the Council received guidance on the allocation and use of these resources. This Council has received £810,884 to provide a £150 reduction to the council bill for 2020/21 for those households in receipt of working age Council Tax Support.
- 2.5 The Test and Trace Support payment scheme was launched on Monday, 12 October for those residents required by the NHS Test and Trace service to self-isolate for 14 days subject to qualifying criteria.

3.0 Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund

- 3.1 This scheme was made available to help small, rural, retail, leisure and hospitality businesses with their ongoing business costs in recognition of the disruption caused by COVID-19. The Council responded promptly to this announcement by releasing £7m of its own funding from reserves to start making support payments to businesses a week ahead of receiving grant funding from Government. The scheme ended on 31 August 2020.

3.2 A total of £26,630,000 was paid to 2,270 businesses as follows:-

Small Business Grant Fund:

Businesses in receipt of Small Business Rates Relief or Rural Rates Relief as of 11 March 2020 were eligible for a payment of £10,000. A total of £18,020,000 was paid to 1,802 small businesses within the Newark and Sherwood District.

Retail, Hospitality and Leisure Grant Fund:

Businesses in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March 2020, with a rateable value of less than £51,000, were eligible for cash grants of up to £25,000 per property. A total of £8,610,000 was paid to 468 businesses within the Newark and Sherwood District.

4.0 Local Discretionary Grant scheme

4.1 This additional fund (5% of the Retail, Hospitality and Leisure Grant Fund) was aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. A panel of 5 officers, chaired by the Director of Resources/Deputy Chief Executive administered this fund and a total £1,239,105.67 was paid to 127 businesses.

5.0 Pre and Post Assurance of the Grant Schemes

5.1 Government guidance required local authorities to complete a Fraud Risk Assessment for each business grant scheme in order to ascertain what actions and checks should be undertaken to minimise the risk of error and/or fraud and over payment.

5.2 The same guidance required local authorities to provide a monthly report to Central Government comprising an update on their Fraud Risk Assessments and pre- and post-payment assurance activities as they are delivered. The Business Manager – Financial Services has completed the Council's Fraud Risk Assessments and is responsible for submitting the monthly returns.

5.3 COVID-19 fraud intelligence bulletins have been received from the Fraud Advisory Panel throughout the pandemic. In addition, regular fraud alerts have been received from the National Antifraud Network. These bulletins have provided information and intelligence on emerging fraud threats and trends affecting members of the public and both the private and public sectors. The fraud risks have been shared with relevant officers.

5.4 A number of prepayment checks have been made through the on-line application process which were then cross checked to the business rates system. Any discrepancies identified at this point were investigated.

5.5 The sector/type/nature of the business was checked to ensure the business met the qualifying criteria.

5.6 A range of evidence was required in support of discretionary grant applications to demonstrate that the business was financially impacted by the pandemic. In addition checks were made to Companies House to ensure that payments were not made to a business that was either in liquidation or dissolved on 11th March (qualifying date).

- 5.7 Prior to making payment sort code and bank account details were verified and a check made to ensure that a duplicate payments were avoided.
- 5.8 Each claim was checked for a receipt of a De Minimus Declaration that by accepting the grant the business would not be breaching state aid rules.
- 5.9 The Council has prevented two fraud attempts (totalling £50K), but unfortunately has been the victim of two frauds (£20K) where we have identified that the businesses were not trading on 11 March 2020. The details have been forwarded to the National Investigation Service who is leading the investigation into cross-border, multiple authority COVID-19 business grant frauds.
- 5.10 The Government's Counter Fraud Function has worked in partnership with Experian to introduce two products to assist local authorities with post payment checks. The Council is using these tools, available via the National Fraud Initiative website, to:
- Verify the bank accounts of companies in receipt of these business grants; and
 - provide insight into whether the company was trading at the relevant date for these grants.
- 5.11 The Council has submitted records relating to 2,270 grant payments to the National Fraud Initiative for verification and has used the results to conduct post event assurance checks:-
- Data matching and risk rating highlighted 749 grant claims that could not verified or matched to company and bank records and required investigation.

Of these 719 cases have been updated as processed with no issue, the majority of these were sole traders where it would not be possible to verify trading history, banking records etc.

- 5.12 In addition to the two frauds (6.9 above) 3 cases have been identified as potential fraud /error. The remaining 27 cases are currently being investigated.

6.0 Support to Council Taxpayers

- 6.1 The Government has provided local authorities with funding to provide additional support to working age residents who qualify for Council Tax support.
- 6.2 Council Tax reductions of £150 have been applied for all households of working age that are already in receipt of Council Tax Support. So far, 5,539 awards totalling £675,518 have been made out of a budget of £810,844.

7.0 Test and Trace Support Payments

- 7.1 From 28 September 2020, individuals will be entitled to a Test and Trace Support Payment of £500 if they:
- Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive

- Are employed or self- employed
- Are currently receiving any of the following benefits:
 - ✓ Universal Credit
 - ✓ Working Tax Credit
 - ✓ Income Based Employment and Support Allowance
 - ✓ Income Based Jobseekers Allowance
 - ✓ Income Support
 - ✓ Housing Benefit
 - ✓ Pension Credit

7.2 The payment is designed to support people on low incomes, *if they will lose income as a result of self-isolating.*

7.3 As with the other schemes the application process is on-line, in addition each claimant will be required to provide their unique NHS Test and Trace reference which is then verified with the contact tracing advisory service.

7.4 Further pre-payment checks include the requirement to provide evidence of employment and pay, contacting employers to confirm that the claimant is not being paid during the self-isolation period, evidence to show that you were working prior to the self-isolation period if self-employed, cross checking to DWP records and internal records and a pre-payment bank account verification check.

7.5 So far 115 applications have been received, 30 payments have been made, 33 claims have been rejected because they do not meet the qualifying criteria, 9 claims are pending and additional information has been requested, 43 applications are outstanding.

7.6 There will be a requirement to conduct post assurance work at the end of the scheme which will last until 31 January 2021.

8.0 Equalities Implications

8.1 There are no adverse implications identified in this report in respect of the Equalities Act.

9.0 Digital Implications

9.1 The various grant schemes have been administered through a secure on-line application process (developed by ICT Services) and in line with the digital declaration.

10.0 Financial Implications (FIN20-21/1624)

Revenue Current Year

10.1 In respect of the grants awards made based on the Small Business Rates/Retail, Hospitality and Leisure/Discretionary grants the Council received an allocation of £28,752,000 on the 1st April 2020. In anticipation of receiving those funds, the Council made available some of its own resources from the 27th March 2020 and £7,300,000 worth of eligible applications were received and paid out prior to receiving the funds from BEIS.

- 10.2 The £28,752,000 was an estimate BEIS had calculated based on data they had received from the Valuation Office Agency and was to cover all of the grants, subject to an additional 5% allocation for the discretionary fund should the Council have needed it. As this funding was estimated by BEIS, there was an understanding that a reconciliation process would need to be completed once all of the grants had been distributed and any shortfalls or over allocations would be addressed.
- 10.3 Of the initial allocation, as per paragraphs 3.2 and 4.1 above, £27,869,105.67 was paid out across the three different grant schemes. This leaves £882,894.33 that will be returned to BEIS when the reconciliation process is completed. Data has been supplied to BEIS on the outturn figures, and the Council await confirmation of when these funds will be returned.
- 10.4 The Council received £170,000m as a New Burdens grant in order to compensate the Council for the administration of the grants.
- 10.5 The Council received £810,884 from MHCLG on 3rd April 2020 which related to the hardship relief for working age Council taxpayers. £150 reductions have been applied to all households of working age that are already in receipt of Council Tax Support. To date £681,708 has been allocated meaning £129,716 is remaining.
- 10.6 The Council received £74,644 on 30th October from MHCLG in relation to the self-isolation grants. To date £27,000 has been awarded based on eligible applications. The Council received £26,919 as a New Burdens grant in order to compensate the Council for the administration of the grants.

11.0 Community Plan – Alignment to Objectives

- 11.1 The delivery of the business grant schemes promptly and efficiently has contributed to the local economy and provided valuable support to local businesses, whereas the council tax reduction has provided additional support to working age households.
- 11.2 The test and trace self-isolation payment provides financial support to those residents required to self-isolate and at the same time acts as an incentive to self-isolate thereby helping to limit the spread of the virus.

12.0 RECOMMENDATIONS that:

- (a) **Members note the progress made with the administration of the Business Grant Schemes, Council Tax Hardship Fund and the Test and Trace Support Payments; and**
- (b) **Members note the pre and post assurance checks conducted so far.**

Reason for Recommendations

To provide Members with an update on the administration of a number of Covid 19 revenue support schemes and to provide assurance of those schemes.

Background Papers

Nil.

For further information please contact Phil Ward, Business Manager - Revenues & Benefits on Extn. 5347

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