

BUSINESS SUPPORT GRANTS

1. INTRODUCTION

- 1.1 The purpose of this report is to provide a summary on the support given to businesses via the governments Business Support Schemes.
- 1.2 In response to COVID-19 the government provided funding to council's to administer the Small Business Support grant and the Retail, Hospitality and Leisure grant. The government subsequently provided funding for council's to administer a discretionary scheme, albeit with expected priorities.
- 1.3 Weekly returns were submitted via DELTA to record eligibility and payments made.
- 1.4 The scheme closed on 28 August 2020, with an exception where Councils are waiting for the Valuation Office Agency to include a property in the rating list.

2. SMALL BUSINESS GRANT AND RETAIL, HOSPITALITY AND LEISURE GRANT

- 2.1 The government provided detailed guidance on the types of businesses eligible for the grants. Eligibility was principally based on our records of ratepayers and the rating list on 11 March 2020 and where the hereditament is not used for personal use or the grant payment exceeded state aid limits. The two types of grants available were:
 - Small Business Grant - Business ratepayers who are eligible for the Small Business Rate Relief or Rural Rate Relief. The grant is £10,000
 - Businesses eligible for the Expanded Retail Discount, which included businesses in the retail, hospitality and leisure sectors. There were two levels of support, depending on the rateable value of the businesses:
 - £10,000 – rateable value of up to and including £15,000
 - £25,000 – rateable value over £15,000 and less than £51,000.
- 2.2 The government provided grant funding of £57,850,000. Any funding which remains unspent has to be returned, although we have campaigned for Local Authorities to retain any unspent funding, even if on a county wide basis for redistribution. When calculating our allocation the granting of Small Business Rate Relief to circa 900 beach huts was included. These are ineligible for a grant payment due to being for personal usage. Consequently, utilising all the funding was never going to be achievable.
- 2.3 When the Government launched the two grant schemes, they stated that “we urgently need to support businesses and the detailed guidance being provided is intended to ensure that all Local Authorities can act immediately to support them”. We were therefore keen to distribute funding as quickly as possible to support businesses and meet expectations of the Government and business community. All 3,537 potentially eligible ratepayers were identified and contacted by letter. This generated increased contact from businesses, including answering 786 phone calls in April alone, as well as receiving numerous e-mails.

- 2.4 Businesses were able to claim their grant via an eform which we developed in-house. The e-form gathered all the relevant information, had built in security and validation checks and enabled filtering to authorise grants promptly. The eform went live on the council's website on 2 April 2020. By 9 April 2020 we had received 2,214 responses, paying out £26,300,000 to 2,126 businesses, more than any other council in Hampshire
- 2.5 To encourage maximum take-up of the grants, two reminder letters were sent to eligible businesses, and the scheme was promoted via social media, website, businesses enews and through network channels.
- 2.6 We did receive contact from numerous businesses that were ineligible and undertook several reviews. We also received correspondence from MP's and national organisations. One dispute is still not resolved.
- 2.7 Of the 3,657 grant claims we received, three claims have been identified as fraudulent. On discovering this, this was promptly reported to National Anti-Fraud Network and National Intelligence Service. The orchestrated fraud amounts to £60,000 and is part of a national investigation which is ongoing.
- 2.8 The council has paid out a total of £41,135,000 in business support grants to 3,410 businesses. As at 23 August, the number of grants and the amounts paid were 81st and 86th out of 315 local authorities.

Business Grant	Number	Amount
Small Business	2,576	25,760,000
Retail, Hospitality and Leisure (£10k)	365	3,650,000
Retail, Hospitality and Leisure (£25k)	469	11,725,000
Total	3,410	41,135,000

- 2.9 We have paid grants to 97.3% of those identified as potentially eligible.
- 2.10 The Department for Business, Energy and Industrial Strategy have provided new burdens funding of £170,000 for administering the scheme.
- 2.11 Internal Audit have undertaken an audit of the administration of the two business grant schemes and their assurance opinion is "Substantial", with a sound system of governance, risk management and controls exist with internal controls operating effectively and being consistently applied.

3. DISCRETIONARY BUSINESS SUPPORT GRANTS

- 3.1 The government allowed councils to use a maximum of 5% of their estimated grant expenditure to provide discretionary grant funding to support businesses not eligible for Small Business or Retail, Hospitality and Leisure grants. However, the government did stipulate certain categories of businesses that were expected to be included in any discretionary scheme. This included:

- Bed and Breakfasts
- Small businesses in shared office spaces
- Small charity properties
- Regular market traders

3.2 In consultation with Portfolio Holder for Finance, Investment and Corporate Services and the Portfolio Holder for Economic Development we developed our scheme. Within our scheme we gave further priority to supporting additional businesses which were to be decided once the above categories had been allocated funding. These priorities were based on locally evidenced need. This included:

- Businesses which are linked to the retail/hospitality sector
- Businesses which have been impacted by the cancellation of events
- Businesses that are unable to trade at all and do not have an online presence
- Provision of support for childcare who are Ofsted registered.

3.3 The councils funding allocation was £2,174,500.

3.4 Grants amounts were restricted to awards from any amount up to £10,000 and £25,000 only. There was no discretion to award an amount between £10,000 and £25,000.

3.5 A multi-authority approach was adopted by the majority of councils across Hampshire with grants being awarded on a sliding a scale depending on the fixed monthly overheads of the business. As take-up was unknown, grants were set at a maximum of £10,000. The allocation of the grant was as follows:

Fixed Monthly Overheads	Grant
£750 or below	£2,500
£751 to 1,500	£5,000
£1,501 to £2,500	£7,500
£2,501 or above	£10,000

3.6 Businesses were able to claim their grant via an eform which gathered all the relevant information. The scheme was open for two weeks from 14 June 2020 and was fully publicised and promoted via social media, enews, website and network channels.

3.7 Following the closure of the first discretionary grant scheme there was funding remaining. To ensure utilising the finding and supporting businesses, two further discretionary grant schemes were implemented:

1. Bed and Breakfast (which were not registered with a recognised local tourism body)
2. Businesses in receipt of the Expanded Retail discount with a rateable value between £51,000 and £75,000

3.8 The discretionary grants for businesses with a higher rateable value had a grant of either £10,000 or £25,000, with the majority receiving £25,000. The priority order was:

1. Local, independent business linked to the hospitality sector including but not limited to public houses, bars, hotels, restaurants and cafes.
2. Agricultural nurseries
3. Retail premises
4. Business related to leisure and fitness

3.9 The council paid discretionary grants of £2,200,000 as follows:

Business Type	Number of grants awarded	Amount (£)
Bed and Breakfast	21	104,500
Shared Office space	97	432,000
Small charity	6	32,500
Market Trader	6	22,500
Linked to hospitality/leisure	70	377,500
Impacted by cancelled events	38	180,000
Unable to trade – not online	21	112,500
Childcare	5	17,500
Other	59	353,500
Total	352	1,660,000

Payments from the discretionary grants for businesses with a higher rateable value:

Business Type	Number of grants	Amount
Hospitality	13	325,000
Agricultural nurseries	2	50,000
Retail	7	115,000
Leisure and fitness	5	50,000
Total	28	£540,000

3.10 Payments marginally exceeded funding allocation due to the inflexibility of grant award amounts. This will be included in the final reconciliation back to MCLHG.

4. JOINT WORKING AND IMPROVED ENGAGEMENT

- 4.1 The Revenues and Benefits service administered the grant schemes, developing eforms, making payments, and providing statistics, supported by Economic Development. This joint working across portfolios will continue going forward when communicating with businesses.
- 4.2 Administering these schemes to support businesses has improved engagement and communication with businesses including subscriptions to business enews increasing by 423. Our Economic Development Team are using this as an opportunity to shape current and future policies and will continue to build relationships with the businesses sector.
- 4.3 The prompt and efficient administration of the business grants schemes was very well received by local businesses. A recent survey by the Local Government Association shows that 71% of residents trust their council (up 12%) and 75% of residents are satisfied with their council (up 12%). Council's have shown that they are able to respond quickly to issues and have local relationships in place to support their communities; and this is evident with our administration of the business support grant schemes.

5. LOCAL LOCKDOWN

- 5.1 The government have announced that businesses in England required to close due to local lockdowns or targeted restrictions will be able to receive grants of £1,000 for small businesses with a rateable value below £51,000 or £1,500 for larger businesses with a rateable value above £51,000, every three weeks. These grants are to provide businesses with a safety net as they temporarily close.
- 5.2 Local Authorities will also receive an additional 5% top up amount to enable them to support other businesses affected by closures which are not on the business rates list. The payments will be up to £1,500.

6. RECOMMENDATIONS

- 6.1 To note the contents of this report.

Further Information:

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