

SHORT REPORT	
Subject Matter	Business Support Grant Update and Discretionary Business Grant Fund Policy
Lead Officer	Sue Knowles Head of ICT and Revenues and Benefits
Date	26 th May 2020
Decision	To note the progress made in awarding the Business Support Grants. To Approve the Discretionary Business Grant Policy.



Introduction

On 1 May 2020 the Department for Business Energy and Industrial Strategy (BEIS) has introduced a new Discretionary Grant Fund and want Local Authorities to commence making payments at the beginning of June 2020. In order to achieve this our discretionary policy needs to be in place.

1 REASONS FOR THE RECOMMENDATIONS

- 1.1 At the end of March 2020, in response to Covid-19, the Department for Business, Energy and Industrial Strategy (BEIS) introduced Business Support Grants aimed at helping small businesses (SB) and businesses in the retail, hospitality and leisure industries (RHL).
- 1.2 This report provides an update on the progress made in making grant payments.
- 1.3 On 1 May 2020 the BEIS announced a Discretionary Grant fund as it had become clear that a number of small businesses affected by the pandemic had not met the criteria for the SB and RHL grants.
- 1.4 Guidance on the Discretionary Grant Scheme was received from BEIS on 13 May 2020. The guidance details qualifying criteria for the discretionary scheme and stipulates that the council must publish their scheme.

1.5 This report seeks approval of the Discretionary Business Support Grant Scheme which is included in Appendix 2a.

2 **BACKGROUND AND MAIN CONSIDERATIONS**

2.1 The BEIS launched SB and RHL grants at the end of March 2020.

2.2 Sandwell received funding of £73.036m from the BEIS who encouraged local authorities to make swift payment of the grants.

2.3 The BEIS have published weekly performance tables detailing the progress local authorities have made in making grant payments. The league tables are ranked based on the percentage of allocated funding paid out in grants which in no way reflects the work a council has put into ensuring eligible businesses receive the grants.

2.4 This report provides an update to the Emergency Committee on progress in administering the grant applications.

2.5 The BEIS launched a new Discretionary Grant Fund on 1 May 2020 and this report is seeking approval of Sandwell's Discretionary Business Grant Scheme Policy (appendix 2a).

3 **THE CURRENT POSITION**

SB and RHL Grants

3.1 Since the business support grant scheme was announced in March 2020 Sandwell has been working hard to administer the grants and encourage as many businesses as possible to apply.

3.2 We initially estimated that 5,887 business had potential entitlement to a grant. This was made up of:

- 4,897 eligible for a £10,000 SB grant
- 432 eligible for a £10,000 RHL grant
- 558 eligible for a £25,000 RHL grant

3.3 We identified that we held bank account details for only 4% of businesses and quickly awarded 236 grants to these at the beginning of April 2020. At the same time, we wrote all other businesses informing them of the grant scheme and to make an application using the online form we had created.

- 3.4 In addition to writing to businesses we also publicised the grant scheme through our website, social media, Business Improvement District Administrators and our Business Growth Team.
- 3.5 As the business rates system was not able to handle the grant awards an internal process involving the business rates team, the finance team and internal audit was agreed. The process includes a spotlight check, carried out by our Audit Team, of all applications received prior to passing for decision. Spotlight is a risk assessment tool provided by BEIS.
- 3.6 One of the issues faced by Sandwell is the high volume of small businesses in the borough. These businesses are not liable to pay business rates and there is no legal obligation for them to report their occupancy to the Local Authority. This means that a large proportion of the information we hold is out of date/inaccurate.
- 3.7 As at 24 April 2020 only 40% of businesses had applied for a grant. 3 teams were mobilised and attempted to contact 3,618 businesses to encourage take-up. The businesses that were not contactable by telephone were e-mailed where possible. Since commencing this proactive take-up campaign, an additional 2,183 grant applications have been submitted.
- 3.8 The take-up campaign has now concluded, and the results have been analysed. There was no response from 777 businesses and 116 have confirmed that they do not wish to claim a grant. This indicates that 15% of the original estimate of eligible businesses do not require a grant.

3.9 The current position is as follows:

• Applications received	=	4,994
• Applications determined	=	3,686
• Applications outstanding	=	1,308

Grants awarded:

• £10,000 SB grants	=	2,934
• £10,000 RHL grants	=	168
• £25,000 RHL grants	=	305

Total = 3,407 grants paid totalling £38,645,000

From the information above 68% of the applications received to date have been paid and proactive work continues to encourage take-up.

- 3.10 To process grants as quickly as possible the resource working on grants was increased. The applications currently outstanding are those that are

either in query or those where further information from businesses is yet to be supplied.

- 3.11 In many cases businesses have changed hands and there is no record of the new business now applying for a grant. These applications can only be determined by members of the team who have experience in business rates and will naturally take longer to verify and process.
- 3.12 In addition to processing grant applications the same resource also worked on awarding the new expanded retail relief and nursery relief. Sandwell completed this work by the end of April 2020 with a total of 1,188 businesses being awarded 100% relief. These businesses have been billed confirming their nil balance for 2020-21.
- 3.13 The BEIS have provided funding for all grant schemes. New burdens funding will also be provided to cover the cost of administration.
- 3.14 Sandwell will receive Section 31 grant funding to cover 100% of the cost of expanded retail relief and nursery relief.

4 LEGAL AND GOVERNANCE CONSIDERATIONS

- 4.1 The BEIS requires councils to publish their Discretionary Business Grant Scheme. Any approved scheme will be published on the council's website.

5 SUSTAINABILITY OF PROPOSALS

- 5.1 The SB and RHL grants are one-off payments therefore the work will be completed once all applications have been determined.
- 5.2 The discretionary grants are one-off payments and funding of £3.362m has been provided by BEIS for these grants. Total grant payments must not exceed this amount.
- 5.3 Grant payments will help businesses survive the impact of the pandemic which directly impacts the wealth of the borough and helps to keep people in employment.

6 APPENDICES:

Appendix 2a – Discretionary Business Grant Scheme Policy 2020/21