

Public Report
Overview and Scrutiny Management Board

Committee Name and Date of Committee Meeting

Overview and Scrutiny Management Board – 03 November 2021

Report Title

Covid Business Grants Update

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

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Ward(s) Affected

Borough-Wide

Report Summary

The report sets out the Councils administration of Covid-19 business support grants that it has been required to administer since 11 March 2020 Budget announcement that Government would provide financial support packages to businesses impacted by Covid-19 restrictions. The report sets out the timeframes, criteria and performance against these schemes as well as setting out the Councils approach. The report clarifies the final position on each of the schemes as well as providing details of any funding returned to Government unspent.

At the end of the grant administration the Council has delivered a total of £87m of business support grants through the first national lockdown business support packages and the Local Restrictions Support Grants that followed. This has seen over 5,000 businesses receive direct grant support to enable them to mitigate the financial impacts of Covid-19. Whilst the Council is required to return £10m to Government of unallocated grant funds, the Council was not allowed to utilise those grants for other businesses that were impacted by the restrictions. The Council had to operate within the guidance that Government had outlined and could not use discretion to award these grant funds outside of that guidance.

Recommendations

1. That the Councils management of Covid Business Grants be noted.

List of Appendices Included

Background Papers

[Discretion Business Grant Scheme 5 June 2020 Cabinet Finance Update to Cabinet – 21 June 2021](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

1. Background

- 1.1 In response to the pandemic and the expected impact on businesses that would be forced to close as part of Covid-19 restrictions, Government indicated in the Budget announcements on 11 March 2020 that there would be a financial support package for businesses. This was followed up on 17 March 2021 by the Chancellors announcement providing some details about the value of payments to be made to businesses and some details about the type of businesses it would apply to. Furthermore, it was made clear that Local Authorities would be expected to deliver these financial support packages. Local Authorities were informed via email and letter that the scheme would commence on the 1 April 2020 and detailed guidance would be provided so that the schemes could be administered.

2. Key Issues

- 2.1 The key challenge for the Council was to first understand the scheme that Government was to launch, prepare for its administration and establish a process that would allow for businesses to come forward and access these vital grants in a clear and efficient way. This challenge was increased further by the short timeframes - Governments announcement of the need for Councils to deliver the scheme came on the 17 March 2020, with the detailed guidance to enable the Council to fully understand and apply the scheme criteria only arriving on the 23 March 2020, with first payments to be made by the 1 April 2020.
- 2.2 Government indicated that they would look to support Local Authorities in delivering these financial packages by providing the associated grant funding up front, ahead of any clear demand levels being confirmed. Government was very clear that they were providing the large sums of money for the grants upfront and in advance of any assessment of exactly how much was needed in order to cash flow authorities through this challenging period and ensure they could afford to make the payments without having to call on their own cash balances or hold back on making payments until Government had provided the funding. Therefore, whilst Local Authorities were encouraged to get this financial support to businesses quickly, there was always an expectation that some grant would be returned to Government, based on over allocation, once actual demand was known.
- 2.3 The Council quickly established a financial support page on the Councils webpage, so that information about the financial support packages could be shared and so that businesses knew how to apply. Following the Budget announcement, the Council had started to develop a claim form that would hopefully gain sufficient information from businesses to enable the Council to process payments once Government had provided the scheme guidance. The Councils claim form was up and running by the 16 March 2020, ahead of the Chancellors announcement on the 17 March, allowing businesses to submit an interest in the scheme, with a clear indication that this submission would be used as their claim form and assessed against Government's guidance once it was available. On 23 March Government provided the scheme guidance for the business support packages, that were due to be implemented on 1 April 2020.

Lockdown 1 Business Support Packages

- 2.4 On 23 March Government provided the scheme guidance for the business support packages that would support businesses forced to close during the first national lockdown. The scheme payments would be available from 1 April 2020. As the Council had moved quickly to establish a web-based claim form and begun to take business details, at the point of 1 April the Council had already received claims from over 2,000 businesses.
- 2.5 The financial support packages were made up of three cash grant schemes.
1. **Small Business Rates Grant (SBRG)** – businesses eligible for Small Business Rates Relief (SBBR) would receive a one-off cash grant of £10,000.
 2. **Retail, Hospitality and Leisure Grant (RHLG)**– rate paying businesses in these sectors with a rateable value less than £51,000 would receive a cash grant, though there were two payment tiers.
 - RV up to and including £15,000, would receive a grant of £10,000
 - RV from £15,001 up to and including £50,099 would receive a grant of £25,000.
 3. **Discretionary Business Grant Fund** – Local Authorities would be provided with a discretionary allocation that they could use to support businesses impacted by the restrictions, that could not access the above 2 schemes.

The Council was allocated £52m in total for these schemes, £49.5m for schemes 1 and 2 which had fixed guidance and strict criteria and £2.5m for the discretionary scheme where the Council would have a degree of choice.

There were some exclusions to the schemes, for example:

- Business premises used for personal use, such as stables, beach huts.
- Car Parks and parking spaces.
- Businesses which as of the **11 March 2020** were in liquidation or were dissolved will not be eligible.
- Businesses with a rateable value of £51,000 or above.
- Businesses not in receipt of SBBR or not in the Retail, Hospitality and Leisure sectors.

Small Business Rates Grant & Retail Hospitality and Leisure Grants

2.6 How to apply and communication

On review of the scheme criteria and the information held by the Council on businesses that the schemes would apply to, it was clear that an application process would be needed from all businesses. This was because businesses had to confirm that they were in occupation at the business premise on 11 March 2020, were still trading as a business and most importantly for payment of the grants, businesses would need to confirm their banking details to allow payments to be made. The Council created a simple online web form that

businesses could use to supply the information required so that their application could be assessed, and the claim processed as quickly as possible.

2.7 Throughout the period of administering these grants the Council looked to promote their existence to eligible businesses, to complement the national promotion of the schemes via the national media and the daily Covid updates from Westminster. The Councils webpage was updated at regular intervals with the latest information about the scheme criteria, what to include on the application form based on those that had not been completed fully and information about wider support such as business rates relief and Governments furlough scheme. In addition, the Council utilised the following methods of communication to businesses.

- Press releases via local media
- Social media promotion of the scheme via Facebook and Twitter
- Promotion of the scheme via the Barnsley and Rotherham Chamber of Commerce
- Letters to each eligible business, at the latter part of delivery to capture those that may have missed the routes above.
- Phone calls to potentially eligible businesses, inviting them to apply.

Throughout the application process businesses that had applied were kept up to date on the processing of their application via emails and could call the Council for an update.

2.8 Speed of processing / reasons for hold ups or rejections

Through the Councils approach with establishing the online application form and inviting applications from the 16th March 2020, the Council was able to process and pay 661 businesses at a value of £7.2m on 1 April 2020, the first day Local Authorities were permitted to make payments (15% of the allocation for these schemes). From there the pace continued, with £34m and over 3,000 businesses receiving a grant in the first month of scheme administration. By the end of May, £40m of business grants had been delivered, to over 3,500 businesses. In the main businesses received their grant payment within 10 working days of applying, many receiving payment within a week.

2.9 During processing over 5,200 applications were received and processed, with 3,946 applications approved and paid. The main reasons for rejections were.

- Duplicate claims
- Claims from businesses not in receipt of SBRR or from the RHL sectors.
- Claims from businesses in liquidation or insolvent.
- Claims from businesses no longer in the premise they claimed to be.
- Claims from businesses with a rateable value of £51,000 or above.

These rejections took up a significant amount of the processing time as the Council wanted to be sure in all cases that a payment could not be made before any rejection was issued.

2.10 Final Grant Position

The table below shows the final position of both grants, with an indication of the number of potentially eligible businesses that did not apply and a view as to why not. These two schemes ended for final payments on 30 September 2020.

| Grant Scheme | Rateable Values | Grant Payment | Total Grant Paid | Number of grant payments made to businesses | Businesses potentially eligible that didn't apply. |
|--|--|---------------|--------------------|---|--|
| Lockdown 1 Business Grant Support | | | | | |
| Small Business Rates Relief Grant Fund | £10k Grants (RV up to and inc 15,000k) | £10,000 | £33,530,000 | 3,353 | 194 |
| Retail, Hospitality and Leisure Grants | £10k Grants (RV up to and inc 15,000k) | £10,000 | £2,520,000 | 252 | 61 |
| Retail, Hospitality and Leisure Grants | £25k Grants (RV £15,001 to £51,000. | £25,000 | £8,525,000 | 341 | 73 |
| Total | | | £44,575,000 | 3,946 | 328 |

As Government allocated the Council £49,580,000, this final position meant that grant of £5,005,000 was returned to Government. The Council was not able to utilise this resource for any other purpose or pay businesses that were impacted by the restrictions that did not meet Government's scheme criteria.

It is believed that those businesses who were potentially eligible, that did not apply did not apply for the following reasons:

- State Aid prevented them from accessing the grants, at least 65 businesses.
- They had ceased trading.
- They had left the premises they were listed as being in on the Councils NNDR list.
- They did not want to apply as their business had not suffered, so were not applying on ethical grounds, at least 23 businesses.

All these businesses were contacted either via letter or phone call, in many cases no reply was received. Given the fact, since these schemes ended, there have been less than 5 businesses coming forward seeking the grant, it is clear that the Councils communications worked effectively.

2.11 Over-allocation of Grant to Local Authorities

As covered earlier in the report it was Government's intention to allocate large lump sums to Local Authorities to ensure that the schemes were commenced quickly and to ensure that LA cashflows were adequately supported through what was a very challenging financial period for all. The over-allocation has largely been repeated across the UK with most LA's having to return to Government substantial balances as there simply weren't enough eligible businesses to utilise the grant available.

2.12 Comparisons to Other LA's

The national picture supports the Council's view that Government significantly over-allocated the grant fund. Out of 314 LA's that received an estimated grant allocation for the above schemes, only 56 did not return any grant funds. Whilst information on specific value of returns to Government is not available, it is clear from the data that is accessible that the range of grant returned spans from £0 to £30m.

To further support the Council's position regarding the view that Government significantly over-estimated the value of business grant required, the report from the Local Government Chronicle below provides an overview of cases across UK Local Authorities.

[Exclusive: Whitehall overestimates contributed to billions in unpaid business grants | Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)

2.13 ***Discretionary Business Grant Fund***

2.14 On 1st May 2020 the government announced a new discretionary grant fund scheme that would aim to provide grant support to those businesses affected by Covid-19 who did not receive any support under the first tranche of business grants. The Council's allocation was £2.5m. The proposed scheme gave local authorities a degree of discretion to design their own scheme, however, government did indicate the business types that government intended the funding to be used to support, as shown below.

These grants were primarily and predominantly aimed at:

- Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.
- Businesses with relatively high ongoing fixed property-related costs.
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis.
- Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

In the guidance government take this further asking that the following businesses are given priority:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment.
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment.
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

Local authorities had to set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or amounts less than £10,000).

2.15 Through their guidance and discussions with key BEIS (Department for Business, Energy & Industrial Strategy) contacts, government have indicated that given the need for Councils to both set up a discretionary scheme and also to gain the necessary internal approvals, payments were not expected to commence before June. However, it would be beneficial to have the scheme and application process developed as soon as possible. Government released the scheme guidance on the 13th May 2020. The Council moved quickly on this guidance and produced a Cabinet report for approval of the proposed scheme on the 15th June 2020.

2.16 The Councils application process was actually made live on the 5th June 2020, based on the interim criteria for the scheme at that point to speed up processing should the Cabinet report receive approval. This step meant 132 business had applied for the grant by the time the Cabinet report was approved.

2.17 Criteria

Following internal discussions across key Council teams and through assessing the schemes being developed across neighbouring and other local authorities, the following scheme was approved:

- All businesses in shared accommodation will be paid a minimum grant ranging from £1,000 to £3,000 depending on their level of fixed costs and financial losses.
- All eligible B&B's will be paid a grant of £1,000 to support their fixed costs and financial losses.
- All Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief, to receive a grant of £10,000.
- Private Childcare Nurseries with a rateable value up to and including £15,000, will be paid £10,000.
- Private Childcare Nurseries with a rateable value of greater than £15,000 and less than £51,000, will be paid £25,000.
- Regular Market Traders to receive a grant of up to £1,300 for those with significant fixed rental costs.

The aim of this discretionary scheme was to provide financial support to a large number of small local businesses that are suffering an adverse financial impact from the Covid-19 pandemic and that are not eligible for the previous government grant schemes.

2.18 How to apply and communication

Applicants were invited to apply via a web-based application form, allowing them to provide their business details and set out how they had been impacted by the restrictions. The initial application window was 1 month, as this was a limited fund, and the Council did not know the level of demand it would generate. Following this initial period further application windows were opened to target certain business sections that the Council had not seen many applications from, in order to maximise the grant allocation.

2.19 The Council's webpage was updated at regular intervals with the latest information about the scheme criteria, what to include on the application form based on those that had not been completed fully and information about wider support such as business rates relief and Government's furlough scheme. In addition, the Council utilised the following methods of communication to businesses.

- Press releases via local media
- Social media promotion of the scheme via Facebook and Twitter
- Promotion of the scheme via the Barnsley and Rotherham Chamber of Commerce
- Letters to each business in eligible sectors informing them about the grant availability.
- Phone calls to potentially eligible businesses, inviting them to apply, for example targeting local charities.

Throughout the application process businesses that had applied were kept up to date on the processing of their application via emails and could call the Council for an update.

2.20 Speed of processing / reasons for hold ups or rejections

Through the Council's approach with establishing the online application form and inviting applications from 5 June 2020, the Council was able to process and pay 102 businesses at a value of £1.1m at the end of the first application window, almost half the grant allocation. In the main businesses received their grant payment within 15 working days of applying, many receiving payment much sooner. The challenge with this grant was that the criteria for payment was more subjective and so required businesses to supply more supportive evidence for review.

2.21 Though the scheme continued to be pushed through the coming weeks, the number of eligible businesses looking to access this support was low and as such the Council was able to extend the value of support provided to business sectors.

- Businesses in shared spaces had their grants topped up from £1k or £3k to £10k per business premise.
- Market Traders received a grant equivalent to a year's rent.

2.22 During processing 404 applications were received and processed, with 274 applications approved and paid. The main reasons for rejections were.

- Duplicate claims
- Claims from businesses not in the required sectors.
- Claims from businesses in liquidation or insolvent or no longer trading
- Claims from businesses no longer in the premise they claimed to be.
- Claims from businesses with a rateable value of £51,000 or above.

These rejections took up a significant amount of the processing time as the Council wanted to be sure in all cases that a payment could not be made before any rejection was issued. These claims were also far more complex as assessment of financial impact had to be undertaken.

2.23 Final Grant Position

The table below shows the final position of the discretionary grant by business category. The grant was fully utilised with nothing returned to Government, as the Council had discretion on this grant fund, it could be flexible in its approach and utilise other avenues as the scheme progressed to maximise the support from the grant, provided to the borough.

| Business Types | Applications Approved | Grant Value | Total Payments |
|---|------------------------------|--------------------|-----------------------|
| Small businesses in shared offices or other flexible workspaces | 136 | 10,000 | 1,360,000 |
| Bed and Breakfasts | 0 | 1,000 | 0 |
| Charities | 33 | 10,000 | 330,000 |
| Private Childcare Nurseries (RV up to and inc £15k) | 16 | 10,000 | 160,000 |
| Private Childcare Nurseries (RV £15k to £51k) | 19 | 25,000 | 475,000 |
| Regular Market Traders – with lease agreements in place (average) | 70 | 2,200 | 154,000 |
| Totals | 274 | | 2,479,000 |

2.24 Comparisons to Other LA's

For the discretionary grant allocations, the Council had much more flexibility and was able to design its own scheme, around Governments criteria that would maximise the use of the grant for the borough. Out of 314 LA's that received a discretionary grant allocation for the above schemes, 114 LA's fully spent their allocation (including RMBC) and did not have to return funds.

Outside of those LA's that fully utilised the discretionary fund, the average return to Government was £125k.

Tiered Restrictions and Lockdown 2 & 3 – Business Support

- 2.25 On 9 September Government announced that local authorities would be required to administer the Local Restrictions Lockdown Grants (LRSG's). These grants were to be the business support packages to support businesses required to close or severely impacted by the localised, tiered restrictions that came into force. These tiered grants would later be expected to cover the 2nd and 3rd national lockdowns that took place.

These grants were to be issued for each four-week period that a business is closed following the implementation of statutory localised restrictions and business closures. The funding is only available for businesses that were required to close because of the formal publication of local lockdown guidance that resulted in a first full day of closures on or after 9 September. This funding was not retrospective, for example if a business closed due to the aftermath of Lockdown 1 before 9 September, it could not gain support through these schemes.

- 2.26 Rotherham entered Tier 2 on 14 October at which point the only LRSG scheme available to Rotherham businesses was LRSG Open, a scheme that made grant payments to businesses in the Hospitality, Accommodation and Leisure Sectors in recognition of the financial impact that localised restrictions placed on them. For example, the rule of 6 for dining out. On 24 October Rotherham moved to Tier 3, where a set number of business types were forced to close such as soft play, casinos and pubs not serving food. These businesses were the first to be able to access the LRSG closed grant support. From this point up until 31 March Rotherham moved with the national picture, entering a national lockdown from 5 November to 1 December, before returning to Tier 3 restrictions during December and early January until the third national lockdown commenced on 5 January 2021. These schemes all had their own criteria and payment levels but were all run under the LRSG fund. The table below sets out for each grant and time period, the sectors that could gain support and the value of support based on that businesses rateable value.

| Grant Scheme | Business Sectors | Pay Period or One off | Rateable Values/Rental Values Supported and Payment Value Per Payment Period | Number of days applied to grant |
|--|--|-----------------------|--|---------------------------------|
| LSRG Open (October 14 to 4 November) | Hospitality, leisure and accommodation sector | Every 14 days | £0 to £1,500: £0 (Non-rate payers only) £15,000 or under: £467 £15,001 to £50,999: £700 £51,000 or over: £1,050 | 22 |
| LRS3 Tier 3 forced Closure (24 October to 4 November) | Casinos Soft Play centres Adult gaming (amusement arcades) Pubs and bars not serving substantial meals Betting Shops From 2 December until 4 January, it also included Hospitality and Accommodation | Every 14 days | £0 to £1,500: £0 (Non-rate payers only) £1,500 to £3,000: £250 (Non-rate payers only) £15,000 or under: £667 £15,001 to £50,999: £1,000 £51,000 or over: £1,500 | 12 |
| National Lockdown 2 (5 November to 1 December) | Hospitality Accommodation Entertainment venues Personal care facilities Community centres and halls Places of worship Non-essential retail | Every 14 days | £0 to £1,500: £0 (Non-rate payers only) £1,500 to £3,000: £250 (Non-rate payers only) £15,000 or under: £667 £15,001 to £50,999: £1,000 £51,000 or over: £1,500 | 28 |
| New Tier 3 open (2 December to 4 Jan) | Leisure | Every 14 days | £15,000 or under: £467 £15,001 to £50,999: £700 £51,000 or over: £1,050 | 34 |

| | | | | |
|--|--|---------------|---|-----------|
| New Tier 3 closed (2 December to 4 Jan) | Casinos Soft Play centres Adult gaming (amusement arcades) Pubs and bars not serving substantial meals Betting Shops From 2 December until 4 January, it also included Hospitality and Accommodation | Every 14 days | £15,000 or under: 667 £15,001 to £50,999: £1,000 £51,000 or over: £1,500 | 34 |
| Wet led Pubs (One off) | Wet led pubs | One-off | £1000 for all rateable values | One - off |
| LRSG Top Up Payment | Hospitality Accommodation Entertainment venues Personal care facilities Community centres and halls Places of worship Non-essential retail | One-off | £0 to £1,500: £0 (Non-rate payers only) £1,500 to £3,000: £1,500 (Non-rate payers only) £15,000 or under: £4,000 £15,001 to £50,999: £6,000 £51,000 or over: £9,000 | One - off |
| National Lockdown 3 (5 January to 31 March) | Hospitality Accommodation Entertainment venues Personal care facilities Community centres and halls Places of worship Non-essential retail | Every 14 days | £0 to £1,500: £0 (Non-rate payers only) £1,500 to £3,000: £250 (Non-rate payers only) £15,000 or under: 667 £15,001 to £50,999: £1,000 £51,000 or over: £1,500 | 86 |
| Restart Grants | Hospitality Accommodation Entertainment venues Personal care facilities Community centres and halls Places of worship Non-essential retail | One-off | £1 to £15,000: £2,667 to £8,000. £15,001 to £50,999: £4,000 to £12,000. £51,000 or over: £6,000 to £18,000 | One-off |

2.27 How to apply and communication

On review of the scheme criteria and the information held by the Council on businesses from the first national lockdown, the Council took the decision to actively identify eligible businesses and automatically pay them, without the need to re-apply. The Council identified the businesses and for each new

phase of LRSG's identified the payment required and issued the business a payment. Businesses that were automatically paid were directly emailed informing them that they did not need to apply, and that payment would reach them at a certain point. This enabled the Council to pay straight away, 1062 businesses without the need to re-apply.

- 2.28 For those businesses who the Council were not able to confidently match to a grant scheme, the Council continued to make use of its Covid-19 business support page. The webpage was updated with the information and scheme criteria for each of the LRSG's, along with a new application form that asked the required questions of businesses looking to apply for a LRSG. Clear communication was added to the page to inform businesses who had not been automatically paid, to apply for a grant if they felt they met the scheme criteria.
- 2.29 Throughout the period of administering these grants the Council looked to promote their existence to eligible businesses, to complement the national promotion of the schemes via the national media and the daily Covid updates from Westminster. The Council's webpage was updated at regular intervals with the latest information about the scheme criteria, what to include on the application form based on those that had not been completed fully and information about wider support such as business rates relief and Government's furlough scheme. In addition, the Council utilised the following methods of communication to businesses;
- Press releases via local media
 - Social media promotion of the scheme via Facebook and Twitter
 - Promotion of the scheme via the Barnsley and Rotherham Chamber of Commerce
 - Phone calls/emails to potentially eligible businesses, inviting them to apply.

Throughout the application process businesses that had applied were kept up to date on the processing of their application via automatic emails that updated them each time their application moved through the application process. Businesses could also call the Council for an update via a dedicated line and team.

2.30 Speed of processing / reasons for hold ups or rejections

Through the Council's approach with issuing automatic payments and establishing the online application form at pace the Council was able to process and pay over 2,000 businesses at a value of £2.5m by the end of the second national lockdown on 1 December 2020, across the various LRSG schemes. As many of the schemes are payments based on payment periods, once a business had been agreed for an automatic payment or had an approved application the business would be logged for payment on the 14-day payment cycles. As such these businesses would then continue to receive payment for each scheme once it fell due. From there the pace of delivery continued, with £32m and over 2,000 businesses supported through the LRSG schemes,

receiving regular payments across the period to support them through the financial challenges of Covid-19.

2.31 Almost half the businesses paid through LRSG were paid automatically, as such paid at the point that the schemes payments became eligible. In the main, new businesses received their grant payment within 10 working days of applying, many receiving payment within a week. There were cases where a business application would take longer but this was due to complexities within the criteria and grey areas within the business sectors forced to close.

2.32 During processing over 2,400 applications were received and processed, with over 2,000 applications approved and paid. The main reasons for rejections were.

- Duplicate claims
- Claims from businesses not forced to close
- Claims from businesses in liquidation or insolvent.
- Claims from businesses no longer in the premise they claimed to be.

These rejections took up a significant amount of the processing time as the Council wanted to be sure in all cases that a payment could not be made before any rejection was issued.

2.33 Final Grant Position

The table below shows the final position of Local Restrictions Support Grants. These schemes ended for final payments on 30 April 2021.

| LRSB Grants | Grant Allocation | Grant Paid | Balance | Grants Paid |
|--|-------------------------|--------------------|--------------------|--------------------|
| Local Restrictions Support Grant (Open) | £586,535 | £586,535 | £0 | 598 |
| Local Restrictions Support Grant (Closed) – Tier 3 | £806,761 | £962,262 | £155,501 | 1,946 |
| Local Restrictions Support Grant (Closed) – national lockdown November 2020 | £3,355,272 | £2,494,224 | -£861,048 | 1,732 |
| Local Restrictions Support Grant (Closed) - national lockdown January to March 2021 | £10,304,668 | £7,564,850 | -£2,739,818 | 1,746 |
| Closed Business Lockdown Payment – for period of national lockdown January to March 2021 | £10,062,000 | £7,428,000 | -£2,634,000 | 1,746 |
| Wet Led Pubs | £115,200 | £101,000 | -£14,200 | 101 |
| Restart Grants | £10,338,516 | £11,095,397 | £756,881 | 1,675 |
| Overall Position | £35,568,952 | £30,232,268 | -£5,336,684 | |

Similar to the first national lockdown government grant allocations were

overestimated and provided to ensure that the Council could operate the payments quickly but also to support the Councils cashflow position through the financially challenging period that the restrictions would cause. As a result, despite the Councils efforts to push these grants to eligible businesses, the Council will still need to return a further £5.3m to Government. This £5.3m cannot be used for any other purpose than prescribed in Government's guidance and therefore, the Council has no choice but to return these funds. The Council has no discretion or flexibility here, if there aren't further eligible businesses that meet the scheme criteria, no further grant can be used.

2.34 Comparisons to Other LA's

The national picture backs up the Council's view that Government significantly over allocated the grant fund. Out of 314 LA's that received an estimated grant allocation for the above schemes, only 6 will not have to return any grant funds. Across the rest of the LA's, on average 32% of the allocated grant will be returned to Government, just 24% for Rotherham.

Additional Restrictions Grant

- 2.35 At the point Governments Local Restrictions Support Grants were introduced, with their specific rules and criteria targeting businesses in key sectors, that were registered for business rates, Government also introduced the Additional Restrictions Grant (ARG). ARG was a discretionary fund to allow local authorities to provide further business support packages to businesses within their local economy, based on their local needs. The Councils allocation was combined with the wider Sheffield City Region local authorities and paid directly to the Sheffield City Region.
- 2.36 As a discretionary grant allocation, the Council working with the other SCR member authorities was able to design and establish business support packages that best supported the local economy and deal with gaps in business support packages that Government had provided. Agreement was reached across the SCR from the outset that there would need to be a consistent approach across the region to ensure clear understanding and implementation of any grant schemes. As such all grant schemes proposed from this fund were agreed at a technical officer level, before approval by S151's, CEX's and Council Leaders.
- 2.37 Through the course of delivery of the ARG grant, the funds provided to SCR have been topped up twice, following extended restrictions. In total the SCR has received £50m of ARG funding. In the main, the schemes implemented have been to complement the Governments LRSG schemes as detailed above, but through provision of support to businesses who are not registered for business rates, for example as they are in shared accommodation.
- 2.38 The following schemes have been delivered in Rotherham and across the SCR via the ARG fund.

Relief Schemes:

- Business Support scheme to mirror those Government schemes shown in section 2.26 but with applicants here being those not registered for business rates.
- Top up payment for businesses most impacted by the Covid-19 restrictions, within the Hospitality, Accommodation and Indoor Leisure sectors.
- Support payment for licensed taxi drivers.
- Support for businesses in the supply chain of those forced to close due to the national lockdown.
- Open business grants to acknowledge loss of trade and costs associated with staying open at a time of lack of footfall on the High St and reduced consumer confidence in visiting businesses that can remain open to the public.
- Hardship grant, to support businesses suffering from a loss of trade and that have been unable to access any of the existing business grant schemes. These were primarily small and microenterprises, mobile and home-based businesses.

Recovery Schemes

- Outdoor Hospitality Grant, between £1k and £3k available to support costs associated with setting up outdoor hospitality facilities.
- Capital Investment Support, grants of up to £100k to support businesses with projects that will deliver demonstrable growth in the form of new jobs, increased turnover or productivity gains (within 6 months).
- Productivity grants to businesses to fund projects to boost their performance.
- Digital Innovation Grants to enable businesses to become more digitally efficient and robust.

2.39 How to apply and communication

The Council maintained its approach of a one application process, so that businesses need only apply once, and the Council would ensure that they received all the support possible within the remit of the live business grant schemes. The communication process used on the Government schemes was repeated to maximise the knowledge of these business grants.

Speed of processing / reasons for hold ups or rejections

The Council utilised existing date where possible from original applications to allow for automatic payments to be processed as new schemes became live across the period of the restrictions. This meant that the majority of businesses received their initial payment from their initial grant applicant within 5 working days but then received automatic payments thereafter without a need to contact the Council.

During processing over 2,500 applications were received and processed, with over 2,000 applications approved and paid across the various schemes. The main reasons for rejections were.

- Duplicate claims.
- Claims from businesses not forced to close.
- Claims from businesses in liquidation or insolvent.
- Claims from businesses no longer in the premise they claimed to be.

2.40 Final Grant Position

The table below shows the position of Additional Restrictions Grants for RMBC. The Council has spent £8.1m of the £50m ARG pot for the Sheffield City Region. This means that the Council has received more grant support at 17% of the overall ARG, than the estimated business stock for Rotherham within the SCR, 16%. Overall, the SCR ARG fund only has £3m left to be delivered which is on target to be fully utilised before the 31st March 2022 deadline.

| ARG Scheme | Grant Value Paid |
|---|-------------------------|
| ARG used to mirror gov schemes outlined in section 2.26 | £1,806,140 |
| Top up Payment | £2,558,000 |
| Taxi Support (One off) | £837,500 |
| Supply chain (One off) | £401,038 |
| Open Business Grant | £86,250 |
| Hardship (One off) | £668,000 |
| Outdoor Hospitality | £138,353 |
| Digital Recovery Grant | £185,702 |
| Capital Recovery Grant | £1,383,421 |
| Productivity Grant | £35,749 |
| Total | £8,100,153 |

2.41 Comparisons to Other LA's

Out of 300 LA's or combined authorities that received an estimated grant allocation for the above schemes, only 102 have issued more than 90% of their grant allocation, SCR having issued 94%. The range of delivery outside of that 102 is from 18.6% to 89%. The grant can be spent until 31 March 2022, but the Council and SCR view has been to get the support out to businesses in need as quickly as possible.

2.42 Summary

At the end of the restart grant administration the Council has delivered a total of £87m of business support grants through the first national lockdown business support packages, the Local Restrictions Support Grants and Additional Restrictions Grant that followed. This has seen over 5,000 business receive

direct grant support to enable them to mitigate the financial impacts of Covid-19. Whilst the Council is required to return £10m to Government of unallocated grant funds, the Council was allowed to utilise those grants for other businesses that were impacted by the restrictions. The Council had to operate within the guidance that Government had outlined and could not use discretion to award these grant funds outside of that guidance. The Council only had one discretionary grant through these schemes and that as detailed in section 2.23 was fully utilised.

3. Options considered and recommended proposal

3.1 This report is an update on Covid-19 business support grant and requires no options to be considered as there are no recommendations.

4. Consultation on proposal

4.1 This report is an update on Covid-19 business support grant and requires no consultation to be carried out.

5. Timetable and Accountability for Implementing this Decision

5.1 This report is an update on Covid-19 business support grant and requires no decision to be made.

6. Financial and Procurement Advice and Implications

6.1 There are no direct financial and procurement implications arising from this report which is providing an update

7. Legal Advice and Implications

7.1 No direct legal implications.

8. Human Resources Advice and Implications

8.1 No direct implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The report includes reference to the cost pressures on both Children's and Adult Social care budget.

10. Equalities and Human Rights Advice and Implications

10.1 No direct implications.

11. Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

12.1 At a time of economic difficulty and tight financial constraints, managing spend in line with the Council's budget is paramount. Careful scrutiny of expenditure and income across all services and close budget monitoring therefore remain a top priority if the Council is to deliver both its annual and medium term financial plans while sustaining its overall financial resilience

13. Accountable Officers

Graham Saxton, Assistant Director – Financial Services
Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

| | Named Officer | Date |
|---|----------------------|-----------------------------|
| Chief Executive | Sharon Kemp | Click here to enter a date. |
| Strategic Director of Finance & Customer Services (S.151 Officer) | Judith Badger | 04/10/21 |
| Head of Legal Services (Monitoring Officer) | Bal Nahal | 01/10/21 |

Report Author: Rob Mahon, Head of Corporate Finance

This report is published on the Council's [website](#).