

**REPORT OF THE
OVERVIEW & SCRUTINY
TASK & FINISH PANEL
ON THE COUNCIL'S
BUSINESS GRANTS SUPPORT
DURING COVID 19 LOCKDOWN
2020/201 & 2021/22**

ABSTRACT

**TO REVIEW THE COUNCIL'S RESPONSE TO COVID 19 REGARDING THE
DISBURSEMENT OF GOVERNMENT FUNDS TO BUSINESSES AS GRANTS.**

**OVERVIEW AND SCRUTINY TASK & FINISH PANEL LED
BY CLLR D E LLOYD**

1. Purpose

- 1.1 To review the Council's response to C19 regarding the disbursement of government funds to businesses as grants.

2.0 Recommendation

- 2.1 Overview and Scrutiny notes the uniqueness and complexity of the situation the council with which the Council was faced.
 - 2.1.2 Overview and Scrutiny notes that without the massive, personal effort made by the key officers in charge of working with Capita to disburse the funds to businesses, the Council would not have helped the Borough's businesses as it did.
 - 2.1.3 Overview and Scrutiny wishes to commend those officers who worked tirelessly to physically process those many cases which demanded further scrutiny at the time, under immense pressure, in order that Havant Borough Council incurred no penalty for any fraudulent activity being possible, within this unique process.

3.0 Conclusions

- 3.1 The decision by the Chancellor of the Exchequer to support businesses with government funded grants paid out through Local Authorities linked to business rates records, was unique, involved huge sums of money, and came at a time of high anxiety on the parts of business owners who faced closure for at least a period of time, if not forever.
- 3.2 The council responded swiftly, communicating with its third-party contractor, Capita, who held the data for all the businesses in the Borough. Given the IT system used to hold the data was not designed to pay out money, it is commendable that the payments were paid systematically. It would not have been possible to turn round applications for business-saving money, in time to pay for some people's wages, if this system had not been used.
- 3.3 There were delays between the Chancellor's announcement, the application system going 'live' and processing; this is unsurprising given the uniqueness of the situation and the volume of claims.

4.0 Methodology

- 4.1 The Panel was made up of Councillors Lloyd, Briggs, Kennett, Milne and Moutray. Members met in August, and October 2021 and January 2022. The Panel's meetings were held in private sessions to enable the Panel to interview members and officers in confidence.
- 4.2 The Panel's activity fell into 3 parts:
 - a) Meetings with the Head of Customer Services, the relevant Cabinet Lead at the time of the meetings, and the Client Relationship Director

The Panel wished to gain an insight into the volume of work involved with the distribution of business grants during the Covid 19 initial lockdown, the challenges faced by the Council, how these challenges were overcome, and lessons learnt.
 - b) Interviews with the Leader of the Council, at the time of the pandemic lockdown and the relevant Cabinet Lead, at the time of the interview

5.0 Findings

5.1 What was the Volume of Work Involved?

5.1.1 The Council had at the time of the pandemic, 5485 businesses operating within the Borough. In total, a sum of £33.7m was paid out to businesses in the form of the grants funded by central government.

5.1.2 As of 3 August 2020:

- 1344 businesses within the Borough received a grant (£16m)
- A total cost of rate relief was £16m
- The total value of discretionary grants given was £840,000

The average time for payment was an estimated 20 days, with a further 2 – 4 business days before funds cleared in accounts.

5.1.3 Corporate Support have processed the following applications between November 20 and March 2022:

- Over 1,300 businesses were supported by various grant schemes – totalling £7,658,000 for the period November 20 to March 21
- A further £4,230,000 (Restart Grants) was paid to 604 businesses in the period April 21 to June 21
- From January 22 to March 22 £419,000 (Omicron Hospitality and Leisure Grants) were paid to 118 businesses
- Finally, discretionary grants (Additional Restrictions Grant) of £4,600,000 were paid from November 20 to March 22.

5.1.5 Between Nov 2020 and February 2021 the Economic Development Team dealt with over 120 enquiries. In total the team dealt with over 600 business enquiries between March 2020 and February 2021¹.

5.2 How is this support coordinated for businesses?

5.2.1 The timescales expected for the payment of the grants, limited the number of options available to the Council to process grant applications. In view of the Council's close ties with Capita and Capita's in-house expertise, the Council, together with the other parties in the Five Councils' contract, accepted an offer by Capita for them to process the grant applications. This was to meet a tight set of timescales set by the Government, who, having announced the scheme the second week in March, were expecting payments to commence by early April. This is something they enforced via regular reporting, use of national performance tables, and interventions with Authorities up to ministerial level.

¹ Information provided by the Business and Economy Manager

It was unfortunate that a communication, based on Capita's usual turn-round times for their processes, was released, giving an unattainable timescale for the processing of the business grants applications. This oversight caused anxiety among the business cohort which led to more chasing communications coming into the council direct, or via agents and councillors. The Panel noted that this work was provided outside the 5 Councils' contract.

5.2.2 The Council created a Covid-19 business support taskforce, led by a senior officer and supported by a number of officers from across a range of teams - including Revenue and Benefits, Economic Development, Finance, Communications, Corporate Support and Programme Management - was established. It must be acknowledged that HBC officers with no previous business rates' experience took up their new roles with a flexible and positive attitude.

Initial work of this taskforce was to assist with business survival during the early weeks of the pandemic. This included the administration of the business rate relief scheme and business grants, signposting businesses to other support packages, query handling, guidance and bespoke support for complex or non-standard businesses.²

5.2.3 Although Capita processed grant applications, the payments had to be reviewed and signed off by the S151's team, uploaded onto the Finance System

5.2.4 As the processing of grants by Capita was part of a coordinated Five Councils response, a joint coordination group was set up, involving Authority leads, and key Capita representatives, which met twice weekly. Key developments were discussed and agreed via that forum and matters for specific local approval fed back via said leads. This included, for example, approval of the application forms for grants, discretions to be applied where cases were lodged with the Valuation Office Agency, and approval of any formal notification letters. In addition, the matter was also monitored via existent Five Councils Governance, notably the Joint Tactical Board and the Chief Executive's joint meetings.

5.3 How was the support monitored?

5.3.1 The Council established a tracking process to enable the Council to have oversight of the process and held two meetings a week with Capita to chart progress³

5.4 Were there any problems identified with arrangements for supporting businesses and how were they resolved?

5.4.1 It became clear during regular review of progress by all 5Cs Authorities, with benchmarks made against national performance, that Capita did not commence this exercise with sufficient resources. This issue was taken up to the Chief Executives of the Councils involved, who persuaded Capita to increase the resources available for this process. The number of staff working within Capita on this process went from 3.5 FTE employees to 22 FTE employees, within a matter of weeks from the announcement of the available monies by government. This gives an idea of how working practices changed, by how much and how quickly. The work of Capita was supplemented by the Revenues and Benefits Client Team and the Capita Face-to-Face reception team.

² Cabinet Report section 4

³ Reported by officers at a meeting of the Panel held on 3 August 2020

5.4.2 Initially, limited help could be provided to businesses as not all Council staff had access to the rates system. As soon as this information was available via access to an extract of the Business Rates database and sight of the customers queries, the Council's teams were in a better position to help to business.

5.5 What were the challenges?

- Keeping up with the pace and speed of change in government advice and packages which evolved throughout the process
- Although rating system was the most appropriate system to use to distribute the grants, little thought had been taken on the impact of the schemes on local authorities and on how it could be implemented
- Although Capita hold a database, which gives details of business within the Borough, it was found that the contact details on this database, which is mandatory, was not up to date or was missing. There was also an issue where some business had given their contact address as the business premises, which during the lockdown were, in some cases, closed.
- Capita did not commence this exercise with sufficient resource, as it was an unforeseen development.
- To deliver a scheme using a system which was not designed to **give out** money
- The Council was under pressure from the Government and local businesses to deliver the payments quickly
- The sheer volume of applications generated by the schemes in a short period
- Working as a team within the pandemic restrictions

5.6 How were the challenges met?

- Regular meetings held with all parties concerned to identify issues and provide solutions
- Capita provided more staff resources to meet the demand
- A payments system was created to deliver the grants
- Council officers (and in some cases, councillors) provided support by dealing with queries
- Council officers (and in some cases councillors) directly dealt with business to deal with their queries and provide

5.7 Lessons learnt

- It is important to make sure the systems are in place before inviting applications
- Set realistic deadlines
- Control communications – to ensure action which follows can be enacted
- Councillors can play a role acting as advocates
- The lessons learnt from the delivery of the first grant scheme helped the Council to administer the following schemes more efficiently
- Businesses have learnt the importance to keep the Council informed of any changes in their businesses

6.0 Additional Budgetary Implications

6.1 None arising from this report

7.0 Resource Implications

7.1 Financial Implications

None arising from this report

Appendices

Exempt minutes of the meetings of the Panel held in October 2021 and January 2022

Background Papers

None

Contact

Name: Cllr D E Lloyd

Telephone: 02392 325078

E-mail: elizabeth.lloyd@havant.gov.uk