

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	23 September 2020
Subject:	Business Grants Post Payment Assurance Framework
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

Over the first five months of the financial year, the Council has been responsible for administering a significant amount of business grants as part of the response measures activated to meet the impact of the coronavirus pandemic.

The business grant schemes have now closed to new applications but there remains a significant piece of work to ensure all applicants were compliant with all parameters of the various grant schemes. Whilst the Council carried out a number of relevant checks prior to payments of grants, the framework set out by the government requires further checks to be made.

An assessment of the resource required to undertake these checks has been made and significant additional resource will be needed to fulfil this requirement. In discussing the deployment of resources to meet this need, Management Team has agreed that the benefits of retaining one full-time equivalent from the Internal Audit team to oversee this important piece of work outweighed the risk to the Internal Audit Plan in the second half of the year.

Recommendation:

Audit and Governance Committee is asked to note the requirements of the business grants post payment assurance framework and acknowledge the impact on the Internal Audit plan.

Reasons for Recommendation:

To raise awareness with members of the significant ongoing work associated with the business grant scheme and the impact that this will have on the Internal Audit Plan as staff resources are redeployed to meet this requirement.

Resource Implications:

The cost of business support grants and business rates reliefs have been met by central government. In addition, the government has provided a new burdens grant for the cost of administering the business support grant schemes.

Legal Implications:

None.

Risk Management Implications:

A risk assessment of all risk associated with business grants has been undertaken and logged. Progress against these risks will be monitored throughout the year.

Performance Management Follow-up:

Monthly returns to government are required on progress.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 In response to the lockdown measures introduced to combat the spread of coronavirus, the government introduced a range of support measures for businesses effected by the lockdown. Of the financial measure introduced, local government was specifically responsible for the administration of two of them – the award of business rates relief for retail premises and the administration of a range of grants targeted at specific sectors within the business community.

1.2 To date, the Council has awarded over £10.3million of additional business rates relief in the current financial year.

1.3 A range of business grants scheme have been administered by the Council during the year:

- Retail, Hospitality and Leisure (RHL) grants.
- Small business grants (SBG).
- Discretionary grants.

1.4 All schemes were closed on 28 August to new applications although there remain a few grants currently being processed within the scheme. To date, the Council has provided the following grants:

Grant type	Number of grants	Amount paid
RHL & SBG	1461	£17,010,000
Discretionary Grants	87	£862,980

1.5 In order to provide capacity to deliver the requirements of the grant scheme, significant resources have been redeployed from a number of areas to meet the demand and ensure a smooth process for applicants. Development Services, Corporate Services and Finance and Asset Management have all contributed resources during the five months of the schemes and in most cases without backfill. As the schemes have drawn to a close, the majority of those resources have been released with only a few key individuals retained to complete the process of grant payments.

1.6 However, although the payments phase is drawing to a close, the next phase, the post payment assurance phase, now needs to get underway and will again require significant resources to ensure it is delivered within the scheme requirements.

2.0 POST PAYMENT ASSURANCE FRAMEWORK

2.1 The guidance issued by government for the administration of business grants included stringent beneficiary and eligibility checks to ensure that payments of grants were made appropriately and accurately. Should any payments be found to have been made in error, or paid based on a fraudulent claim, the Council is required to recover those grants. In turn, the government will recover that funding from the Council.

2.2 The amount of checks that will need to be carried out in the post payment phase is dependent on the level of checks carried out prepayment. This Council took the approach of conducting a number of checks prior to payment, as opposed to simply paying out grants, and as a result the checks that we now have to perform are much reduced. Nevertheless, there remain a number of checks, both in terms of beneficiary and eligibility that now need to be undertaken.

2.3 Officers have developed payment assurance plans designed to ensure that appropriate assurance activities are effectively planned, scheduled, coordinated, and that appropriate resources to conduct those activities have been secured. This is a mandatory requirement from government. Having assessed the risks and reviewed checks already undertaken, a number of areas have been highlighted as requiring further work to ensure compliance. These include:

- The business is active and is in occupation of the premises.
- State aid compliance.
- Additional verification of bank details.

2.4 These checks and any subsequent action for recovery of grants and possible prosecution for fraud have been assessed in terms of the resources required to undertake the tasks within the timescales set by the government – 31 March 2021. It was initially estimated that a team of seven full-time equivalent would be needed to complete all tasks but the identification of efficiencies and the use of systems and software has brought that requirement down. Work will continue to identify further efficiencies.

2.5 Whilst staff are being identified from Corporate Services and Finance and Asset Management to undertake the role of assessors, and this will be further supported by casual staff, it is important that the operation is managed by somebody with a detailed understanding of the grants phase and the requirements of the post payment assurance checks.

2.6 Staff from Internal Audit have played a crucial role in the initial payment of grants and the development of payment assurance plans. They have a detailed and unrivalled knowledge of what is required to deliver the tasks set out by the government and have been working with colleagues in Finance and Revenues to hone the approach. In assessing who would be best placed to act as the senior assessor and oversee the day-to-day work of the group, Management Team is convinced that retaining one full-time equivalent from Internal Audit would be of immense benefit in providing continuity and coordination.

2.7 Whilst this will benefit the post payment assurance line of work, it will undoubtedly have a knock on effect of the internal audit plan for the second half of the year. Whilst money is available to recruit temporary staff, the quality of staff can be variable and the output disappointing. It is therefore unlikely that the Council will recruit a short term contractor that will add value to the audit plan. The team is therefore likely to operate with reduced numbers in the second half of the year and the audit plan adjusted accordingly. Audit days can be saved in a number of areas, particularly around corporate improvement, and the plan will focus on the high risk areas and those areas requiring urgent follow up in order to provide assurance to Members that risks are being covered and the Council continues to be a low risk authority.

2.8 Payment of grants in error or those grants being fraudulently claimed is an area of high risk given the activity necessary to pay over 1,500 grants in a short space of time and opportunity that individuals may have seen within this area and it is therefore imperative that we prioritise this area and allocate resources accordingly.

3.0 OTHER OPTIONS CONSIDERED

3.1 Other options for the senior assessor role have been considered, but none possessed the knowledge or skills required to undertake this role.

4.0 CONSULTATION

4.1 None.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 None.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 All grants have been issued in line with government guidance and parameters. The post payment assurance plans have been drafted in line with government requirements.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 As contained within the report.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: None.