

Economic Development Committee



12 January 2023

Title	<i>Additional Restrictions Grant Update</i>
Purpose of the report	To note
Report Author	<i>Tracey Carter, Senior Economic Development Officer</i>
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	<i>N/A</i>
Corporate Priority	Community Recovery Environment Service delivery
Recommendations	Committee is asked to: <i>Note the report</i>
Reason for Recommendation	<i>Not applicable</i>

1. Summary of the report

- 1.1 The purpose of this report is to provide a written update with regards to the utilisation of the Additional Restrictions Grant (ARG) as included within the Economic Development Forward Plan. The value of these funds was just over £3m and provided to support businesses through the pandemic between 2020 and 2022.
- 1.2 The ARG is a fund allocated by the Government to all local authorities based upon its population size in order to provide financial assistance for each Boroughs business severely affected by the impact of COVID-19. The government sometimes refers to this as a 'Discretionary Grant' as each local authority can decide how to allocate the funding based on its local understanding of its economy.

2. Key issues

- 2.1 In total the government awarded Spelthorne Council £3,081,799. The funding was allocated within a number of windows between March 2020 and March 2022. The government had stated in 2020 that no more funds would be provided, and these were to last until March 2022. A strategic decision was taken to ensure that funding was still available in January 2022 to cater for business support in the event of any further lockdowns was taken.

- 2.2 The strategy also proposed that towards the end of 2021 that there should be an emphasis on strengthening the business base by making grants available via direct business support initiatives rather than just cash grants.
- 2.3 Until November 2021 all the grants were made available as cash sums transferred to business accounts for those businesses that met the criteria for payment i.e. had lost income and / or had fixed overheads.
- 2.4 The business support took place after consultations with businesses and support and guidance from the Economic Development Committee via an ARG Task Group which took the form of a range of direct interventions which included the below.

New equipment to replace old inefficient stock or to facilitate a new service (90% cost)
New shopfront Grant (90% cost)
Professional business coaching to Jan 2023
9 x Social Media Training for Business
30 x free websites for business
£5k worth of membership to the FSB
Free cost reduction clinics for businesses to reduce overheads
Cash grant for businesses who had not received any financial support previously

- 2.5 The last grants were issued in March 2022, this update reflects on the period that has passed to November 2022.
- 2.6 Below are some of the many unsolicited emails received from Spelthorne businesses.

I've been doubly blessed by Spelthorne, having received both a grant for some new audio equipment for my studio and now for the creation of a new website. The former has already really helped my voiceover business and I'm sure the latter will too, once it's complete. I've told a number of people about the way you've supported me, and how Spelthorne really does have a passion for helping small businesses. Everyone's reaction has been much the same: 1, they can't believe it and 2, they wish their local borough had the same outlook! I expect that both your roles are probably rather thankless at times, so I just want to say... thank you.

We just wanted to drop you a message to say a massive thank you to you and your team for helping us. Whilst we still face many challenges with costs, we have now at least the opportunity to follow our road map to becoming a successful business. Our goal to fly the green flag and promote healthy living is very much alive which would not have been the case without the help of Economic Development Team.

We started off in Christ Church where we shared the kitchen, the church were extremely kind to us but we knew we had to move on and have our very own kitchen to grow. We managed to obtain loans to purchase our new kitchen but then hit a financial wall when it came to purchasing equipment and at that point the business would have been dead without the support of your team. Your whole team were magnificent and always incredibly helpful.

I would love to have a stall at your event and tell people how much help I received to get my small business running. I first started through the business enterprise scheme while on income support and have since received an equipment grant to buy my mobile massage van. I started from nothing and despite covid am still doing well and growing. I would love the opportunity to give something back to you for all your help and ongoing support, of which I am very thankful. If you would like to see what I do, I have nearly 40 5 reviews from the people I have helped in our community.*

- 2.7 The intention from the outset was to strengthen the local business base and the success in achieving that has been endorsed via the Federation of Small Businesses award to local authorities for business support.
- 2.8 Spelthorne made the top 3 in all 4 categories out of 400+ applications. Although regional winners for the southeast in 2 categories, winning the All-England award for Future Ready really confirmed the decisions made by the Economic Development Committee in the way we elected to support our businesses, now and in the future.
- 3. Options analysis and proposal**
- 3.1 This report does not offer any options as it is a review about the way the council allocated the funding made available through the ARG
- 4. Financial implications**
- 4.1 100% of the ARG allocated by the government was allocated.
- 5. Risk considerations**
- 5.1 An internal audit has been carried out in relation to the whole ARG process, the findings concluded that 'Major improvement was required'. Internal audit have advised that this finding was based on limited assurance provision of the areas reviewed arising from the auditor's assessment. It is understood that the two audit recommendations arising from this review were reported to the Audit Committee of 24 November 2022.
- 5.2 This was a lengthy report but focuses on 2 key areas. The first raised a significant concern with regards to the distribution of the funding other than cash payments. They expressed the view that aspects of the above financial support could be interpreted as questionable and possibly out of scope of the government grant guidance, and a threat that some of the grant money could be reclaimed by government. It was acknowledged within the audit report that the Economic Development team regarded the likelihood of occurrence of this risk to be low, nonetheless Internal Audit considered it prudent to highlight this matter in safeguarding the authority's interests in the context of the appropriate use of public funds, potential risk of fraud and reputation.

- 5.3 The E.D Team had been in consultation with the Department for Business, Energy and Industrial Strategy (BEIS) throughout the process for guidance. BEIS were contacted by the E.D Team as a result of the view expressed by the Audit Team, and they confirmed in writing that this was indeed the correct use of the funds and went on to state that more local authorities should have used them in this way.
- 5.4 The second related to concerns about the apparent disregard for the concerns raised by the Acting Head of Business Rates (AHBR) in respect of a number of applications that received the grant. This did not reflect what happened. The AHBR was contacted and wrote a reply to confirm that any concerns he had were discussed at length, further enquiries were made and that some businesses did not receive a grant, some were reduced, and some received the recommended amount and that he was entirely happy with the process adopted.
- 5.5 In Internal audits view, the objective audit assurance assessment highlighted a shortfall in documented evidence and some incomplete records at the time of the audit review to support decision making of grants. Their view was that as a fundamental internal control process, they were unable to substantiate that it was operating effectively beyond the point where the independent officer (AHBR) responsible for vetting the validity of grants challenged several payments

6. Procurement considerations

- 6.1 Not applicable

7. Legal considerations

- 7.1 Not applicable

8. Other considerations

- 8.1 There is an ongoing process of following up with businesses receipts for purchases and on occasions viewing the purchases. This is being done on when resources allow as it is not urgent because there is not a deadline. Nevertheless, this will not be unduly delayed and aim for the end of March 2023. When complete, the process will have come to an end.

9. Equality and Diversity

- 9.1 The impact on equality and diversity issues is considered at every action, however, this is an update on action already taken over the last 12 months, not new actions.

10. Sustainability/Climate Change Implications

- 10.1 This is an update on existing actions, reference has been made in the report whereby some of the grant money has had a positive effect on the environment.

11. Timetable for implementation

- 11.1 Already implemented and delivered. The last task will be the collection of invoices for purchases which will be completed in this financial year.

12. Contact

- 12.1 Tracey Carter t.carter@spelthorne.gov.uk .

Background papers: There are none.

Appendices: 'A' Background Information.