**Overview of the Schemes**

In response to the negative impact the Covid-19 pandemic had on the economy, a series of financial assistance measures, aimed at supporting businesses, were announced by the Government. The main assistance measures took the form of two grant funding schemes (that were to be administered by the Local Billing Authority): The Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (March 2020), and The Local Authority Discretionary Grant Fund (May 2020).

The Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund – *The Mandatory Scheme*

* Funding was to be given to businesses who were in active occupation of a rated hereditament and were active as of the 11th March 2020.
* Eligible small businesses, defined as those eligible for relief under the business rate Small Business Rate Relief Scheme (SBRR), were to receive a £10,000 grant.
* Eligible businesses classified as being part of the retail, hospitality or leisure sector would receive funding in relation to their Rateable Value (RV); businesses with a RV up to and including £15,000 would receive a £10,000 grant, and businesses with a RV of £15,000.01 - £50,999 would receive a £25K grant.

The Local Authority Discretionary Grant Fund - *The Discretionary Scheme*

* Funding was to be given to businesses that were not entitled to funding under other grant schemes. The Discretionary Scheme was designed to help businesses who occupy shared work spaces, market traders, charities, or have a council tax assessment rather than a Non-Domestic Rates assessment. Businesses were eligible if there were active as of the 11th March 2020, and all other criteria were set by the respective Local Authority.
* Funding was capped at £25K, and the exact amount to be given was discretionary.

**Fraud Risk Mitigation**

Once the schemes were announced the Investigation Team began reviewing the guidance to produce a Fraud Risk Assessment. To mitigate the identified risks, and prevent fraud loss and error, the team developed a Due Diligence procedure utilising trusted third party resources. The Government provided little guidance on how to mitigate fraud and as a result, there were differing methods used by Local Authorities in terms of preventative action. It was agreed that OCC would take a robust approach to counter-fraud measures as the funds were limited and there was no guarantee that the Government would agree to refund LAs for funds fraudulently obtained.

The Investigation Team worked with the administrators of the schemes to produce an application form that would:

* Gather data required for the accurate allocation of the funding in accordance with the guidance
* Inform the applicants how their data would be used
* Deter fraudsters by including strong counter-fraud declarations

Using this data the Investigation Team then proceeded to:

* Verify the applicant’s basic entitlement (using modelling data from the revenues team, or as advised by the ‘Discretionary Scheme’ panel)
* Complete due diligence on the business and the applicant, using a three step process where the team would:
  1. Confirm the identity of the applicant[[1]](#footnote-1)
  2. Check that the business was not insolvent, dissolved, or otherwise not trading[[2]](#footnote-2)
  3. Confirm that the applicant and business was not a known fraudster[[3]](#footnote-3)

All verified and ‘Cleared’ applications were then approved by the Investigation Team for payment. In instances where checks failed or concerns were raised, applications were investigated on a case-by-case basis to resolution (either rejection or approval). Investigations into these suspected fraud cases are currently underway.

The process was developed to be non-intrusive and ‘Light-Touch’ whilst ensuring separation of duties and speedy delivery of funding. The work was undertaken as a joint effort in collaboration with the administrators of the schemes and was continually adapted throughout the duration of the administration of the schemes.

The deadline for applications was 28 August 2020 with all payments to be made by 30 September. The data below is reflective of the date of compilation, 28 September 2020.

**Results of Intervention:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Mandatory Scheme Applications Rejected | Total | SBGF | RLHGF Lower | RLHGF Higher | Unclassified | Estimated Value |
| Blank Applications | 49 | - | - | - | 49 | N/A |
| Classified as ineligible by Revenues | 213 | - | - | - | 213 | N/A |
| Duplicate Applications Submitted | 128 | 57 | 13 | 58 | - | £2,150,000.00 |
| Property listed as Empty | 16 | 1 | 1 | 3 | 11 | £95,000.00 |
| Missing/Requested Information Not Provided | 45 | 23 | 2 | 18 | 2 | £700,000.00 |
| Applicant is not the legitimate Occupier/Ratepayer | 53 | 11 | 15 | 11 | 16 | £301,000.00 |
| Business and/or Premises not in Business Rates Database **OR** No Assessment Present | 10 | - | - | - | 10 | N/A |
| Failed Due Diligence | 5 | 2 | - | 3 | - | £95,000.00 |
| Other | 2 | 2 | - | - | - | £20,000.00 |
| Total | 521 |  |  |  | Total | £3,361,000.00 |

|  |  |  |
| --- | --- | --- |
| Discretionary Scheme Applications Rejected | Total | Estimated Value |
| Not put forward for Payment | 237 | N/A |
| Rejected by Revenues | 12 | £117,600.00 |
| Missing/Requested Information Not Provided | 2 | £14,000.00 |
| Not trading on 11th March 2020 | 1 | £4,500.00 |
| Funded by other Authority | 2 | £13,600.00 |
| Could not Verify Identity | 4 | £11,850.00 |
| Total | 258 | £161,550.00 |

SBGF – Small Business Grant Fund

RLHGF – Retail, Hospitality & Leisure Grant Fund

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. [↑](#footnote-ref-3)