

SBGF (small business grant funding) & RHLG (retail, hospitality and leisure grant funding) Grant Schemes

There has rightly been much discussion and concern about the critically important Business Grant initiative. We all recognise its importance to Harrow Businesses and our teams are working extremely hard to make it happen. We have some very 'specific to Harrow' circumstances which are making delivery much harder for us. These circumstances, and how we are handling them, are outlined below.

Background

Two business grant schemes, the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, were announced by the Chancellor on 11 March and 17 March 2020

Harrow has been given £42.2m to support local businesses, if they meet certain pre-conditions, through the payment of a grant. This is to support businesses who were business ratepayers' as at the 11 March. In Harrow we have 3200 possible properties where a business could apply for a grant. However, some of these will not be eligible; for example, car parks.

We received the criteria for assessment and funding (and were therefore able to go ahead) on 3rd April. Harrow opened its on-line application process in the first week in April and has since received some 2,200 applications.

By the 30 April we had processed 1,250 applications. Of these, we have paid £14.4m to 785 businesses and we have approximately 250-300 applications where we need more information. We will be contacting them for this in due course.

The Challenge

Harrow has some unusual circumstances surrounding this initiative which has made our challenge in processing these grants much harder than other Local Authorities:

Small Team

We have a comparatively small team who normally work in this area and therefore have the skills and knowledge to process the applications; a process which is complex because of the applications and technology in use.

The team is small because:

- Harrow's business base is relatively small and we are staffed to support 5000 properties. By comparison, the top 10 Boroughs support a business base with an average of 15,132 properties, and therefore have proportionately more staff to process grants.
- We have been at the forefront of moving enquires from telephone calls to the web (channel shift) and therefore we have significantly fewer staff than others to answer

the resultant fewer calls phones. Over the last 5 years we have seen an 87% shift from telephone calls to on-line enquires.

- It is very difficult to extend this team as the software and processes we use are complex. It takes several weeks to train a new person up to even a basic standard of operation. We have augmented the team where we can, for example, to process simple tasks and having the Business Support team making contact directly with businesses.

High Proportion of Eligible Businesses

This small team now has to manage applications for a proportionally very high number of businesses.

- Harrow has a higher percentage of microbusinesses and SME's than the Inner and Outer London average. We have the second highest percentage of SME's in London, only 0.01% behind the top, and the 4th highest percentage of microbusinesses, only 0.25% difference between Harrow and the Borough with the highest percentage of SME's.

High Level of Complexity

Additionally, the complexity of our checks is also relatively much higher.

- We have disproportionately high numbers of small businesses that don't normally pay business rates and so we don't have up-to-date details on file. We have 3,069 properties with rateable values under £12,000 and around 1,500 businesses which have never provided us with their bank details and contact details because there was no need for them to contact the council as they have been exempt from paying any business rates for several years. We also have a low number of businesses on direct debit.
- Many of our businesses are sole traders and never registered at Company's House. This makes it difficult to check the legitimacy of an application.

Technology Challenged

Finally, our technology is generally 'challenging'. It has taken us longer than most to get people able to work at home where they are socially isolating. We have therefore had a slower start than otherwise would have wished.

What we are Doing

We have teams working seven days a week to process applications and keep Business Owners informed. The latter we are augmenting next week when we will have opened our 'Virtual Surgery' to answer questions. We will also start to contact all those applicants whose claim we have reviewed, but we have found that we do not have sufficient information to process the application. We also continue to engage with the business community to ensure all those who are eligible do apply. Over the last few days we have had another c400 applicants which has significantly closed the gap on those we thought may be missing.

By the end of this week we will have sent out two updates to all applicants. The first noted that we expected to have processed all straightforward grants by the end of May. Thanks to

the hard work of the teams, we are now processing more applicants each day. We hope to have all applications we received by the 20th April reviewed by the 15th May. Some we may not have paid by that date as we need more information, but we will have contacted them to tell them so. All applicants will be informed of this update by the attached letter. Information for those who applied after the 20th April is also in the attached.

The Checks

We are undertaking the minimal prudent checks, as set out in Central Government's Grant Funding Scheme guidance, to ensure we are paying the right Businesses.

Other Councils may be doing fewer checks, but, following discussions with Cabinet, it has been decided that this minimal level of checks is best for the businesses of Harrow, the right thing to do for the public purse and the right thing to do to ensure the stability of Harrow Council's budget position.

It's best for the businesses of Harrow as we need to get the money to the right people.

We have found agencies are trying to take a 'cut' of the funding (up to 40%) which if we don't challenge would mean the businesses that need it are not getting all their rightful entitlement. When we find this situation we are contacting the entitled business directly.

Some applicants have requested payment to a bank account not linked to the business. For others, it has been suggested that we should just issue cheques (rather than try and find the right bank account number) so as to speed up the process. However, we have found that some businesses have moved from one address, currently on our records, to another that we don't know. Some other businesses are using the business ID of the previous business that occupied the building. If we don't ensure we get the right bank account, for the right business we risk getting the grant to the wrong person (and the person who is missed out getting none).

The Government has recently brought on-line two web-tools to support these checks so recognising the importance of these checks and getting the right money to the right people.

It's best for the public purse:

We have a duty to ensure we protect 'the public purse'. The potential in this grant scheme for paying the wrong businesses (and people) is high because of the complexity and the lack of good data. It is what the minimum prudent checks the Government has laid down are there to support.

It's best for our budget stability:

The Government has stated that it will reimburse Local Authorities that pay grants to eligible businesses. It has also stated that any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be subject to claw back. Government guidance gives an expectation of reconciliation and audit after the grants initiative has been finished.

We understand that as long as we undertake a reasonable level of checks, Government will reimburse us. This is what we are endeavouring to do.

Summary

In summary, we have had a slow start due to the relatively small size of our team, the proportionally large number of eligible businesses and the lack of good data (and technology). We have made great strides and, with the hard work of the team, are now making good progress. The need for checks on grant applications has been questioned. But we believe it is best for Harrow's business community (although difficult perhaps to understand) as the checks greatly help getting the money to the right people.

We have also significantly increased our communication and support to Harrow's Businesses and we will continue to improve the way we are supporting them with this grant scheme.