



MEDIA RELEASE

Small Business Support Grants Scheme

Northern Ireland's Comptroller & Auditor General (C&AG), Mr Kieran Donnelly CB, has today (8 December 2021) published a report outlining lessons to be learnt from the NI Executive's Small Business Support Grant Scheme, which issued almost £245 million in payments to local businesses.

The Scheme, which was launched on 26 March 2020, provided one-off emergency grants of £10,000 to small businesses (occupying premises with a rateable value of £15,000 or less that qualified for Small Business Rates Relief) to help mitigate the potential threat of closures at the start of the COVID-19 pandemic. It was designed and delivered jointly by the Department for the Economy (DfE) and Land & Property Services (LPS).

Following his audit of the 2019-20 DfE accounts, the C&AG estimated that £13.5 million could have been paid to recipients who were not eligible under the scheme rules. Today's report notes that, to date, DfE and LPS have identified £5.68 million of potentially ineligible payments, including £2 million in duplicate payments, £0.7 million paid to landlords rather than tenants, and £0.5 million paid to wind turbine owners. To date, £1.76 million of this has been recovered by DfE and efforts continue to recover the balance, although it is not clear how much will be recouped.

The C&AG also concludes that payments are likely to have been made to businesses not suffering COVID-19 related hardship (such as wind turbines), because no assessment of need had been undertaken. In fact, wind turbines appear to be the only business type to which a retrospective assessment was applied, and following which they were deemed ineligible. Similar assessments were not carried out on any other business type. It was simply assumed that all small businesses eligible for Small Business Rates Relief needed the support regardless of their situation.

The report highlights how communication and collaborative working between the organisations involved in scheme delivery could have been better, with important LPS queries on eligibility not being answered by the DfE for weeks after they were received. The report suggests that daily Project Team meetings could have been held to ensure any emerging issues were raised and actioned without delay.

It is worth highlighting that over £800,000 has been returned by businesses who received the funding but paid it back without any requirement to do so, and Mr Donnelly's report commends these businesses.

The report observes that, at the outset of the Scheme, the DfE Permanent Secretary sought a Ministerial Direction as he had serious concerns over the value for money and the risk of fraud and error inherent in the Scheme. These concerns stemmed primarily from the timescale in which the Scheme was to be delivered, allowing insufficient time to undertake normal planning processes. However, in light of the perceived urgent need to get support to businesses quickly, a Ministerial Direction was issued for the Scheme to go ahead. The report notes that many of the concerns raised by the DfE Permanent Secretary came to pass.

Commenting on the report's findings, Mr Donnelly said:

"It is important to recognise that this Scheme was designed and launched under exceptionally challenging circumstances and at an extreme pace, from the initial announcement on 18 March 2020 to

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the first payment on 26 March 2020. The departments and agencies involved were clearly focused on getting urgent support to businesses, and great efforts were made to deliver this.

“Nonetheless, it is important that the lessons identified in my report are learnt and taken on board. In particular, I want to highlight the importance of a collaborative approach in developing similar schemes in the future. Better early engagement across departmental boundaries and with business representatives would have helped the Department target support to those most in need. A small amount of additional time at the design stage may have provided more protection to public funds and helped reduce the need for changes to the eligibility criteria after the scheme had launched. It could also have reduced the administrative effort needed to undertake further checks after the payments had been made.”

ENDS

Notes for Editors

1. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He, and the NIAO, are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
2. The report is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on 8 December 2021.
3. As part of the NI Executive’s early response to the COVID-19 pandemic, on 18 March 2020, the First Minister and deputy First Minister announced that two grant schemes, the Small Business Support Grant Scheme and the Retail, Hospitality, Tourism and Leisure Grant Scheme, would be developed to ease immediate cash flow pressures on businesses.
4. The Small Business Support Grant Scheme was launched on 26 March 2020, “to provide £10,000 to help with fixed costs for small businesses across Northern Ireland”. Funding offered was to cover “unavoidable fixed costs” incurred as a result of the significant strain the COVID-19 crisis was having on Northern Ireland businesses.
5. The Scheme closed to applications on 20 May 2020 with most of the payments made by the end of July 2020. Payments on appeal cases continued into 2021, with the last payment made at the beginning of October 2021 – 17 months after the scheme launched.
6. On 16 April 2020, the DfE Permanent Secretary notified the C&AG that a Ministerial Direction had been provided for the Scheme on 26 March 2020, following agreement by the NI Executive. Ministerial directions are formal instructions from ministers directing their permanent secretary (Accounting Officer) to proceed, despite objections, with a spending proposal. Permanent secretaries are directly accountable to the NI Assembly for how their department spends its money, and have a duty to seek a ministerial direction if they consider a spending proposal breaches any of the following:
 - Regularity – if the proposal is outside the legal powers, NI Assembly consents, Department of Finance delegations;
 - Propriety - if the proposal breaches NI Assembly control procedures; and/or
 - Poor value for money – if an alternative proposal, or doing nothing, could deliver better value for money.
7. Background briefing can be obtained from the Audit Office by contacting Patrick Barr (028 9025 1063) or Karen Beattie (028 9025 1003).

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