

BIG

The BIG process

- 1.1 Council of 2nd March 2009 agreed a £50,000 grant programme, along with £400,000 of Working Wirral funding, to be made available 'for one year to give immediate support to previously successful micro businesses employing 10 or fewer employees who now face difficulties as a result of the credit crunch'¹.
- 1.2 The grant programme was referred to as the Business Investment Grant (BIG) Fund or BIG Support Grant.
- 1.3 A Cabinet decision of 23rd February 2009² had targeted the creation of new employment opportunities as the main aim of the fund. A Cabinet decision of 19th March 2009³ widened this to include supporting the sustainability of the business.
- 1.4 The BIG fund was a capital investment programme aimed at supporting companies who, during the economic downturn, had experienced problems in securing capital investment. It was hoped that, through the availability of this funding from the Council, this would encourage financial and other institutions to invest in Wirral businesses.
- 1.5 The funding available ranged from £4,000 to a maximum of £20,000 per project.
- 1.6 Businesses prepared a BIG application with the support of Enterprise Solutions (NW) Limited.
- 1.7 For each application, the Chief Accountant of the Council's Finance Department reviewed the financial information submitted and provided Invest Wirral with a memorandum with comments on the application and financial information.
- 1.8 Council officers, taking account of the Chief Accountant's comments, prepared a BIG Appraisal form which was then circulated to the BIG Panel to decide whether to accept the application. If the panel agreed the recommendation to approve an application, a report was presented to the relevant cabinet member for them to authorise.
- 1.9 The panel was made up of council officers, members of Business Link, bank representatives and representatives of the local business community.

¹ 'Business Support – Response to the Current Economic Climate' p11 para. 4.1(b). Website link: <http://democracy.wirral.gov.uk/ieListDocuments.aspx?CIId=121&MIId=357>

² Website link: <http://democracy.wirral.gov.uk/ieListDocuments.aspx?CIId=121&MIId=356>

³ Website link: <http://democracy.wirral.gov.uk/ieListDocuments.aspx?CIId=121&MIId=357>

Complainants

- 2.1 In June 2011 a former employee of Enterprise Solutions raised concerns about the BIG and ISUS grant programmes. The complainant was latterly joined by a second former employee in raising these concerns.
- 2.2 On 29th June 2011, a complainant emailed Invest Wirral and Enterprise Solutions with their concerns. On 30th June 2011, the complainant telephoned Invest Wirral to reiterate these concerns.
- 2.3 On 5th July 2011 Wirral Council's Director of Regeneration and representatives of Invest Wirral met the complainant to discuss the issues raised. Following this meeting, the matter was raised with NWDA.
- 2.4 A summary of the complainants' allegations is included in Grant Thornton's final report documentation.
- 2.5 On 12th August 2011 these allegations were reported to internal audit, and an investigation was commenced into the issues raised, latterly conducted by the Council's Chief Internal Auditor.

Review of Internal Audit draft reports

- 3.1 Following the decision of the Council's Chief Internal Auditor to retire, the Council's Chief Executive requested that the Interim Director of Finance review the reports in their draft form.
- 3.2 The Interim Director of Finance reported that the draft BIG report would not stand up to an external review of the working papers and supporting evidence.
- 3.3 The draft internal audit reports were not made publicly available at this point in order not to prejudice any possible future investigations into the complainants' concerns, not, as has been suggested, because the reports were critical of council officers.
- 3.4 The Interim Director of Finance recommended that an external firm of accountants or solicitors specialising in investigations for local authorities reviewed the evidence, allegations and investigations that had taken place.
- 3.5 In October 2012, following a tender process, Grant Thornton were appointed to deliver this work.

Grant Thornton's BIG report

- 4.1 Grant Thornton reviewed all of the BIG grants specifically highlighted by the complainants.
- 4.2 Of these, the only major finding was a £500 repeated entry in one company's accounts. As the provider (Enterprise Solutions) was the same as for the ISUS scheme, the report was referred to the Police for their consideration. A formal written complaint was made to the Police in the form of a statement, specifically in relation to ISUS, but which made reference to the BIG scheme.
- 4.3 Following receipt of the external investigator's reports on 7th March 2013 and after a period of verification and fact checking, Wirral Council published Grant Thornton's summary of its report into BIG as a news story on its website⁴.
- 4.4 On 23rd April 2014 the Police wrote to the Council advising that no action was to be taken following receipt of Grant Thornton's draft reports, commenting on the Council's openness and assistance during the enquiry. The Council reported the Police response to the external investigator.
- 4.5 The finalised report was received by Wirral Council on 2nd May 2014.
- 4.6 The key findings of the BIG report relating to Wirral Council were:
 - No concerns were identified regarding the integrity or honesty of any Council employees⁵.
 - The external investigators had free access to all information and materials held by Wirral Council, and to all employees of Wirral Council and Invest Wirral⁶.
 - Wirral Council provided a Service Level Agreement for Enterprise Solutions to offer specialist business support, but Grant Thornton says it understands that this was never signed⁷.
 - Grant Thornton recommended that Wirral Council should review the criteria used to consider current and future grant applications⁸.
 - The investigator notes that how the BIG Panel was to make its decisions was not reflected in written terms of reference⁹.

⁴ Since December 2012, news items on the Wirral Council website are automatically deleted after 6 months to save space. This news item has since been deleted.

⁵ BIG Report – Introduction p2 para. 1.12

⁶ BIG Report – Introduction p2 para. 1.12

⁷ BIG Report Executive Summary p3 para. 1.16

⁸ BIG Report – Recommendations p56 para. 7.7

⁹ BIG Report – Recommendations p56 para. 7.9

- The investigator was unable to find documentary evidence of any questions regarding the solvency of the applicants being raised during the application process or discussed by the BIG panel¹⁰.

¹⁰ BIG Report – Executive Summary p6 para. 2.11

Conclusion

- 5.1 The external investigator identified issues around the way applications were processed for the BIG panel, mostly surrounding the depth of analysis provided to BIG panel members.
- 5.2 Grant schemes will always contain judgements that are inherently subjective, and, as noted by the investigator, their report makes no claim to review the success of the scheme in hindsight. The report is restricted to looking at 6 applications, all supplied to the investigator by the complainant who had helped to develop them for Enterprise Solutions.
- 5.3 Over 40 companies received BIG grants under the scheme, of which the vast majority were still trading as of July 2014.
- 5.4 Of particular importance is the fact that, of the small number of applications discussed in the external investigator's report, as of July 2014, the majority are still trading.
- 5.5 By any account therefore, the BIG scheme has had a positive effect on Wirral's economy and business community, creating and safeguarding jobs and, in most cases, providing businesses with the resources to expand their activities.

Notes on Redaction

- 6.1 The reports were redacted using the following criteria:
- 6.2 It is widely reported that the company at the centre of these investigations was Enterprise Solutions Limited (also trading as Wirral Biz). This is clear from Council documentation including committee reports and other documentation that is available to the public through our normal disclosure policy.
- 6.3 As such no redaction has been undertaken in respect of Enterprise Solutions or its directors as this information is publicly available.
- 6.4 The Council has a policy in relation to disclosure of officer's names and where council officers may have been named within the reports this policy, based on pay scale and position, has been applied to protect their identity.
- 6.5 Similar protection has been applied to individuals employed either directly or as consultants by Enterprise Solutions – and therefore no individual engaged by Enterprise Solutions has been named.
- 6.6 Information that has been considered commercially sensitive has also been redacted. Whilst a number of the companies referred to in these reports are Limited companies and as such have their accounts on record at Companies House, there are instances where financial information is far greater and more detailed than that filed at Companies House and as such all financial information has been withheld from publication.
- 6.7 There are documents, specifically contract documents within the Appendices, that Wirral Council are not the publishers and as such may also be deemed commercially sensitive.