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Argyll and Bute Council **Comhairle Earra-Ghàidheal Agus Bhòid**

Executive Director: Douglas Hendry



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4 December 2020

SUPPLEMENTARY PACK 1

POLICY AND RESOURCES COMMITTEE - VIA SKYPE on THURSDAY, 10 DECEMBER 2020
at 10:00 AM

I enclose herewith **item 13 (SCOTTISH GOVERNMENT £30M DISCRETIONARY FUND TO SUPPORT BUSINESSES)** which was marked to follow on the Agenda for the above meeting.

Douglas Hendry
Executive Director

ITEM TO FOLLOW

13. SCOTTISH GOVERNMENT £30M DISCRETIONARY FUND TO SUPPORT BUSINESSES (Pages 3 - 6)

Report by Executive Director with responsibility for Development and Economic Growth

Policy and Resources Committee

Councillor Rory Colville	Councillor Robin Currie (Chair)
Councillor Mary-Jean Devon	Councillor Lorna Douglas
Councillor Jim Findlay	Councillor Bobby Good
Councillor Kieron Green	Councillor David Kinniburgh
Councillor Yvonne McNeilly	Councillor Aileen Morton
Councillor Gary Mulvaney (Vice-Chair)	Councillor Douglas Philand
Councillor Alastair Redman	Councillor Elaine Robertson
Councillor Sandy Taylor	Councillor Richard Trail

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

DEVELOPMENT AND ECONOMIC
GROWTH10 DECEMBER 2020

£30M DISCRETIONARY FUND TO SUPPORT BUSINESSES

1. INTRODUCTION

- 1.1 This report provides Members with information on the new £30 million discretionary fund, sets out proposed key principles that will be applied when determining how the fund will be managed and a recommended approach to progress the determination of an eligibility criteria.

2. RECOMMENDATION

- 2.1 Members are asked to:
1. Approve the key principles, as outlined in paragraphs 3.11 – 3.14 which will guide the creation of eligibility criteria to be applied when assessing fund applications.
 2. Approve the creation of the eligibility criteria is delegated to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leadership Group.

3. DETAIL***Background***

- 3.1 On 17 November 2020 the First Minister announced a £30 million discretionary fund to enable local authorities to provide additional support for businesses where they consider that necessary or justified. Scottish Government are working with Local Government to develop high level guidance which is expected shortly, however, it will be up to each Council to determine how this fund be used.
- 3.2 The Council has not received a grant offer letter yet, however, COSLA Leaders have agreed the basis of the distribution and it is anticipated that the Council will receive circa £525,000.
- 3.3 Due to the discretionary nature of the fund it is considered necessary to seek political approval over how the fund is managed however the next meeting of the Policy and Resources Committee on 18 February is considered to be too late as the business community will be expecting this fund to be open for applications in a far quicker timescale.
- 3.4 In order to allow the guidance to be considered, eligibility criteria to be established and the fund to be launched prior the 18 February Committee, a number of key principles are being proposed which will be used as a framework when determining the more detailed eligibility criteria. The

Committee is being asked to approve these key principles and delegate the creation of the eligibility criteria to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leadership Group.

Developing the Principles

- 3.5 Officers have been working to try and identify local priorities and any specific gaps in COVID funding to date. This has included seeking feedback from officers who have supported businesses and administered other support funds. Furthermore feedback has been sought from external stakeholders including HIE, the Argyll Economic Resilience Forum and the Federation of Small Businesses.
- 3.6 Since March 2020 there have been a total of 28 funds launched and further funds are under consideration. This commenced with the Business Support Grants of £10k and £25k with these then replaced by increasingly smaller niche grants targeting specific sectors. These funds have been administered by a wide range of public bodies. New grant funding was put in place from November for businesses required by law to close or restrict their operations under the Strategic Framework. This will remain in place until March 2021.
- 3.7 As a consequence of this widespread landscape of funds and the differing ways they have been administered, it is difficult to be clear whether any specific business sectors have been left out of funding support to date. There are also many businesses who feel the support they have been provided is insufficient given the challenges they face.
- 3.8 It is important that any individual award to a business from the Discretionary Fund is of a meaningful value. There needs to be a balance between seeking to maximise the number of successful applicants and ensuring that the amount awarded will be at a level that provides genuine assistance.
- 3.9 It is also important to recognise that there is no indication that the Council's allocation can be increased if it is fully disbursed. Once the full allocation is awarded then the Fund will be closed and therefore it is important to seek a way of ensuring that all eligible businesses have the opportunity to apply rather than it being on a 'first come first served' basis.
- 3.10 The resource commitment required to review and process applications cannot be under-estimated. During the Business Support Grant phase, officers from across the Council were redeployed to focus on managing the volume of applications and correspondence. This Fund is significantly smaller than the Business Support Grants however it is still likely to generate widespread interest and it is therefore difficult to determine the level of resource that will be required to administer the Fund. It has also been noted that the self-declaration model for some of the Funds significantly reduced the administrative burden for Council staff and simplified the process, in terms of submission of information, for applicants.

The Principles

- 3.11 Principle 1 – The fund will initially target businesses who have received no support from any other COVID specific fund. Applicants will be expected to provide a self-declaration to confirm this. This will be considered tranche 1 of the fund.
- 3.12 Principle 2 – The fund will be open for applications for a pre-determined period of time before any payments are awarded. This will allow the quantum of applications to be assessed which will help determine what the individual awards should be. The first payments will be processed in January once officers can be redeployed to assess applications and process payments.
- 3.13 Principle 3 – Individual awards will be made at a flat rate to be determined once the volume of applications has been assessed. This does not necessarily mean it will be set at a rate which ensures the entire fund is disbursed.
- 3.14 Principle 4 – In the event that tranche 1 does not result in the fund being fully disbursed then a second tranche will be considered which targets businesses who have already received COVID specific funding but are faced with particularly severe financial pressures. This will require greater administration as there would need to be a more complex assessment process.

4. CONCLUSION

- 4.1 A new discretionary fund will be available for the Council to manage which is to target businesses under financial pressure due to COVID. A set of principles have been developed which will be used to develop eligibility criteria once the Scottish Government has issued guidance in relation to the fund.

5. IMPLICATIONS

- 5.1 Policy – Committee is asked to delegate the creation of the eligibility criteria to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leadership Group.
- 5.2 Financial – The grant payments are fully funded by the Scottish Government, there will be administrative costs to the Council if staff are redeployed for an extended period of time.
- 5.3 Legal – None
- 5.4 HR – None
- 5.5 Fairer Scotland Duty: None
 - 5.5.1 Equalities – None
 - 5.5.2 Socio-Economic Duty – None
 - 5.5.3 Islands Duty – None
- 5.6 Risk – Reputational risk to the Council if the fund is not managed transparently and in a manner consistent with agreed eligibility criteria
- 5.7 Customer Service – None

Kirsty Flanagan
Executive Director with Responsibility for Development and Economic Growth
04 December 2020

Policy Lead: Councillor Robin Currie (Leader of the Council)

For any further information, please contact Laurence Slavin on 01436 657694