

COVID DISCRETIONARY FUND**1. INTRODUCTION**

- 1.1 This report provides Members with an update on phase 2 of the Council's Discretionary Fund. It also sets out a proposed approach for how the remainder of the fund could be used to support businesses impacted by COVID in Argyll and Bute.

2. RECOMMENDATION

- 2.1 It is recommended that Members:

- a) Note the final position regarding the two phases of the Discretionary Fund.
- b) Approve the remaining monies in the Discretionary Fund be used to establish an Argyll and Bute COVID Business Hardship Fund to directly support business affected by COVID with the criteria as noted in paragraph 3.7 and with three levels of grant award as noted in paragraph 3.10.
- c) Agree that the fund is advertised at least 14 days prior to applications being accepted and the application period will be for 7 days.

3. DETAIL

- 3.1 In late 2020 Argyll and Bute Council were allocated a total of £2,420,337 to be disbursed to businesses via a Discretionary Fund to provide additional support for businesses adversely impacted by COVID where they consider that necessary or justified.

- 3.2 The fund has been disbursed in two phases with businesses submitting successful applications being awarded a £6,000 grant. As part of Phase 2 the Leadership Group also agreed to use the fund to make Non–Essential Retail, Hospitality, Leisure (RHL) top up payments to businesses who had missed the Scottish Government deadline to apply but would have qualified. The funds disbursed to date, and remaining funds, are summarised in **Table 1**.

| Table 1: Discretionary Fund Disbursed | | | | |
|--|---|---------------------|--------------------|--------------------------|
| | Eligibility Agreed by Leadership Group | No of Awards | No Rejected | Total Awarded (£) |
| Phase 1 | Feb 2021 | 126 | 77 | 756,000 |
| Phase 2 | Mar 2021 | 124 | 49 | 750,000 |

| | | | | |
|------------------------|----------|------------|------------|------------------|
| SFBF RHL Top Ups | Mar 2021 | 64 | 0 | 406,000 |
| Total Disbursed | | 314 | 126 | 1,912,000 |
| Total Allocation | | | | 2,420,337 |
| Remaining Funds | | | | 508,337 |

3.3 **Table 1** shows there is £508,337 left of the Council's total allocation of £2,420,337. At the time of writing, there is one pending application where officers were waiting for further information from the applicant, so these figures may change marginally.

Proposed use of the Remaining Discretionary Fund

3.4 When the Leadership Group agreed the eligibility for Phase 2 of the fund in March 2021 they also approved that, in the event of the Discretionary Fund not being fully disbursed after Phase 2, the balance would be transferred into the Council's Recovery and Renewal Fund and ring fenced for specific activity to aid businesses in future once there had been an opportunity to reassess need as the country moves out of COVID restrictions.

3.5 The Scottish Government has previously stated, both in the initial grant offer letter and subsequently via feedback to the Scottish Local Authorities Economic Development (SLAED) Business Group, that the funding provided to local authorities can only be used to directly assist businesses impacted by COVID in 2020-21, not for other recovery or regeneration activity.

3.6 It is proposed to use the remaining £508,337 to launch an Argyll and Bute COVID Business Hardship Fund with that fund designed to be consistent with the Scottish Government intent that the fund be used to directly support business. It is proposed that the Argyll and Bute COVID Hardship Fund is broadly based on the legal framework established for Hardship relief in Non-Domestic Rates which is set out below.

3.7 As this is a hardship fund, it will be based on evidence of need. Applicants must meet the following criteria:

- **The business will suffer hardship if support is not awarded.** Evidenced by financial accounts, cash flow statements and statements from the business owner or accountant.
- **The business is viable going forward.** Evidenced by cash flow projections, business plan, statements from the business owner or accountant and evidence of cost reduction.
- **An award is fair to other businesses operating in Argyll and Bute.** Impact on other businesses evidenced through knowledge of other businesses, market awareness, statements made by the business owners or their accountants.
- **Support is reasonable and of benefit to the Council Tax payers in Argyll and Bute.** Evidenced through the number of jobs

protected/created, benefits to the local community, key supplier to Council/ key sector supply chains.

- **The circumstances are exceptional and COVID related.** Evidence required that the circumstances are COVID related.
- **Other assistance has been sought.** Evidence required that other sources of support have been explored and accessed where relevant. Engagement with Business Gateway.

3.8 Each application would be judged on merit, using a scoring matrix based on the criteria above. Any grant awarded should be to assist the business to continue trading and recover from the COVID impact, not merely replace lost income.

3.9 To manage expectations the fund will have to be distributed on the basis of first come first served provided they meet the appropriate criteria and that a limited period for applications (7 days) is made available to help manage the workload of council staff who are now fully engaged in their normal workloads which remain extensive and demanding. The fund will be advertised at least 14 days in advance of the fund re-opening, using different communication channels.

3.10 In order to maximise the impact of the £508k available given consideration to the size of the businesses applying, the Fund will offer 3 levels of grant award:

- £2,000 for businesses with no employees
- £5,000 for businesses with up to 9 employees
- £10,000 for businesses with 10+ employees.

4. **CONCLUSION**

4.1 Further grant support to businesses continuing to face financial difficulty due to COVID could be provided via an Argyll and Bute COVID Business Hardship Fund, using the remainder of the Business Discretionary Fund money provided by the Scottish Government. Rather than being sectoral related, this fund will be based on clearly demonstrated evidence of need and will ensure the funds are used in a manner consistent with Scottish Government requirements.

5. **IMPLICATIONS**

5.1 Policy – None

5.2 Financial – The grant payments are fully funded by the Scottish Government, there will be administrative costs to Argyll and Bute Council if staff are redeployed for an extended period of time. However the Scottish Government has made funding available to cover administration costs.

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 – Risk that the Scottish Government may seek to recover any funds not disbursed by the local authority.
- 5.7 Customer Service – None.

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