
NORTH AYRSHIRE COUNCIL

23 February 2021

Cabinet

Title:	Local Authority Discretionary Business Support Fund
Purpose:	To seek approval for a new COVID 19 Local Authority Discretionary Fund for local businesses.
Recommendation:	<p>It is recommended that Cabinet:</p> <ul style="list-style-type: none">a) Notes the approach taken to develop the North Ayrshire Local Authority Discretionary Fund for businesses;b) Approves the proposed criteria for delivery of the Local Authority Discretionary Fund as set out in Appendix 2; andc) Agrees that delegated authority be given to the Head of Service (EDR) to approve exceptions to the above criteria in special circumstances that would directly result in local jobs being safeguarded.

1. Executive Summary

- 1.1 In November 2020 wide-ranging National package of additional business support was announced in response to the continued impact of COVID on the economy. The support totalling £185 million, included a new Local Authority Discretionary Fund. The Discretionary Fund is for Local Authorities to augment the other national support schemes by using local knowledge to identify businesses that have fallen through gaps in the system that are in need of financial aid.
- 1.2 The 3 Ayrshire Councils have worked together to consider a framework of eligibility for delivering this fund and the North Ayrshire proposal is consistent with that.

2. Background

- 2.1 On 17th November 2020 further support for businesses and self-employed people impacted by the pandemic restrictions was announced which would be introduced to control the spread of Coronavirus (Covid-19) in Scotland. These funds are to complement the Strategic Framework Business Fund. A list of COVID business funds is attached at Appendix 1 to the report. Included in the announcement was a commitment to establish a £30m Discretionary Fund to allow Local Authorities to provide additional support for business.

- 2.2 £25m was split between all 32 Local Authorities and based on business base numbers within North Ayrshire, the Council has received an allocation of £461,793. A further £5m was allocated to the eleven Local Authorities that were placed in Tier 4 earlier, including East and South Ayrshire.
- 2.3 The Scottish Government announced on the 28th Jan in their 2021 budget, plans to double the funding available for the Local Authority Discretionary Fund to £60m. The Finance Secretary announced on the 10th Feb plans to increase the fund to £120m to allow Councils to respond to further local economic pressures. No written details have yet been provided on requirements or timeframes associated with the additional funds.
- 2.4 The main purpose of the discretionary grant is for Local Authorities to use their local economy knowledge and support businesses in immediate financial distress as a result of the Covid-19 restrictions, specifically those who have been without financial support since October 2020. As of the Fund arrangements, Local Authorities can administer aid to Limited Companies (including Scottish Charitable Incorporated Organisations and Social Enterprises), Sole Traders, Trusts, Community Interest Companies, Partnerships, Freelancers and the Self Employed.
- 2.5 The announcement in November 2020 has created a wide variety of different funds aimed at specific sectors each with specific eligibility criteria, being delivered by various agencies with funds becoming available from early to mid-January onwards. The wide scope of the funding is welcome however until all the detail of the available national funds and their respective eligibility criteria is known it is difficult to confirm those businesses that would qualify for a local discretionary grant.
- 2.6 A local discretionary proposal has been developed which is largely consistent with that being developed by other Scottish local authorities. An Ayrshire approach has been agreed across the 3 local authorities informed by local intelligence with three key areas of focus namely:
- businesses that supply goods or services to those who have been closed or restricted;
 - businesses facing hardship as an indirect consequence of the current restrictions but have not been eligible to receive financial support through the Strategic Framework Business Fund;
 - businesses who do not have business premises and are therefore ineligible for grants attached to the rates system.
- 2.7 It is proposed that the North Ayrshire Local Authority Discretionary Fund will provide a payment of £2,000 per business to support immediate financial hardship. A consistent offer across Ayrshire will be promoted and a common eligibility-criteria for the fund is proposed as set out in Appendix 2.
- 2.8 Applications to the fund will be by application form and processed by the Business Team. The availability of the fund will be promoted through appropriate Council social media channels and local business networks. Completed applications will be assessed by the Business Team to ensure all the necessary documentation has been completed and a decision made on the application. On appeal, applications are reviewed by the Senior Manager for Business Development. This is in line with all current grant awards.

- 2.9 It is also proposed that as some of the national COVID Business Support grants or their detail are not yet available and live schemes have been subject to changing criteria at government level, and the challenges that the economy is facing, a degree of local flexibility to the criteria set out above may be required. It is also noted that the recent increased allocation will provide scope for providing more support. This will be kept under review as more details come from government, the scheme is launched and demand and need are assessed by the Business Team.
- 2.10 It is therefore proposed that subject to demand and funding availability should a local business present itself in financial distress that exceptions to the funds criteria would be considered. In these circumstances any funding award would be linked to safeguarding jobs and funder of the last resort. It is proposed that Cabinet delegate authority in this regard to Head of Service EDR.

3. Proposals

- 3.1 It is proposed that Cabinet:
- a) Notes the approach taken to develop the North Ayrshire Local Authority Discretionary Fund for businesses;
 - b) Approves the proposed criteria for delivery of the Local Authority Discretionary Fund as set out in Appendix 2; and
 - c) Agrees that delegated authority be given to the Head of Service (EDR) to approve exceptions to the above criteria in special circumstances that would directly result in local jobs being safeguarded.

4. Implications/Socio-economic Duty

Financial

- 4.1 The proposals will be fully funded by Scottish Government and a grant award has been received confirming the North Ayrshire allocation of £463k. A further award is expected in 2021/22. The fund will be monitored to manage demand and the availability of the funds. A closing date in due course will be announced and consideration of any underspend should it occur would be reviewed with the Head of Finance.

Human Resources

- 4.2 This support will be delivered by existing staff teams in the Council who continue to prioritise emergency COVID Business Support.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 The fund aligns to Community Wealth Building principles and will help local businesses struggling to survive in the area.

Environmental and Sustainability

- 4.5 The fund will support local businesses to survive including those who may operate within the green jobs sector.

Key Priorities

- 4.6 The report covers information relevant to the following Council Plan priorities:

- North Ayrshire has an inclusive, growing and enterprising economy
- North Ayrshire is a sustainable environment
- North Ayrshire is a vibrant, welcoming and attractive environment

Community Wealth Building

- 4.7 Although this fund is a direct response to the Covid pandemic it will support CWB principles in that it will help safeguard many of our smaller businesses who underpin our local economies.

5. Consultation

- 5.1 Engagement has taken place with the East and South Ayrshire Councils as well as Scottish Enterprise.

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For further information please contact Matt Strachan, Senior Manager Business Development, on 01294 310658.

Background Papers

Appendix 1: COVID 19 Business Support National Funds

Appendix 2: Discretionary Fund Guidelines

Appendix 1:List of Proposed Funds 17th February

Fund Name	Eligibility Criteria/ Description	Delivery Partner	FUND STATUS
Retail Hospitality and Leisure Top Up	<ul style="list-style-type: none"> • For Non Essential Retail, Hospitality and Leisure • Linked to Strategic Business Fund eligibility 	Local authorities	CLOSED
Self-Catering Accommodation Support Fund	<u>larger self-catering accommodation</u> <ul style="list-style-type: none"> • For units with 7+ bed spaces • Capped at 5 premises per business. <u>large exclusive use venues</u> <ul style="list-style-type: none"> • Cap maximum 5 premises per business. 	Local authorities	NOT YET AVAILABLE Planned launch - Feb
Taxi and Private Hire Vehicle Driver Support Fund	<ul style="list-style-type: none"> • £1500 for Taxi Drivers and Private Hire Drivers 	Local authorities	OPEN
Newly Self-Employed Hardship Fund	For those business who recently started and cannot access Self Employed Income Support Scheme	TBC	OPEN
Mobile Close Contact Services	<ul style="list-style-type: none"> • Self-employed mobile close contact service providers, hairdressers or driving instructors 	TBC	OPEN
Contingency Fund Plus	<ul style="list-style-type: none"> • Support for Brewers, Travel Agents and Indoor Football Centres 	Local authorities	OPEN
Brewer Support Fund – <i>Contingency Fund Plus</i>	<ul style="list-style-type: none"> • Must operate from premises that pay Non-Domestic Rates • Must be registered with HMRC under the terms of Excise Duty Notice 226; • Provide evidence of their production data and businesses will therefore be asked to provide evidence of their 2019 production volumes and figures for 2020 if they relate to the period before April; • Breweries with a Rateable Value of over £51,000 or production in 2019 of over 5,000 HL will be eligible for an additional allocation and a total grant of £30,000. • 	Local authorities	OPEN
B&B and Guest House Support Fund	<ul style="list-style-type: none"> • For Bed & and other Small Serviced Accommodation businesses who have not been able to access support through other schemes as a result of banking status. 	Local authorities	NOT YET AVAILABLE Planned launch - Feb
Tour Operators	<ul style="list-style-type: none"> • Must be an international inbound tour operators, domestic tour operator or a coach tourism company. 	Visit Scotland	CLOSED
Visitor Attractions	Excludes LA, Government supported, HES and NTS attractions. Government supported further including: <ul style="list-style-type: none"> • Forestry & Land Scotland 	Visit Scotland	OPEN

	<ul style="list-style-type: none"> • Nature Scot • Scottish Canals • National Museums of Scotland • The Scottish Parliament 		
Outdoor Tourism Sector Recommissioning Fund	<ul style="list-style-type: none"> • Must be an outdoor tourism or marine tourism operator. 	Visit Scotland	CLOSED
Visitor Accommodation Hostel	<ul style="list-style-type: none"> • Support for visitor hostels, including independent and affiliated hostel 	Visit Scotland	NOT YET AVAILABLE Planned launch - Feb
Destination Management Organisations Fund	<ul style="list-style-type: none"> • For businesses that provide tourist marketing services or arrange local accommodation, tours, events, activities, attractions and transportation. 	VisitScotland	CLOSED
Events Industry Support Fund	<ul style="list-style-type: none"> • Must derive at least 40% of income from the supply to, organisation of, and/or delivery of or to Events in Scotland 	EventScotland	NOT YET AVAILABLE Planned launch - Feb
Strategically Important Events Business Fund	<ul style="list-style-type: none"> • For event organisers, event supply chain business or event venues 	EventScotland	CLOSED
Grassroots Music Venue Stabilisation Fund	<ul style="list-style-type: none"> • Indoor, permanent venues whose main function is to present all-year-round live grassroots music events for a public audience and • 	Creative Scotland	CLOSED
Commercial Theatres Support Fund	<ul style="list-style-type: none"> • For theatres more at risk because their commercial model, • 	Creative Scotland	CLOSED
Culture Collective	<ul style="list-style-type: none"> • To provide paid opportunities for creative practitioners to work with communities. These funds added to existing £1.5m programme which was heavily oversubscribed, with funding decisions in early February. 	Creative Scotland	CLOSED
Youth Arts Fund	<ul style="list-style-type: none"> • Funds to be added to existing £3 m programme allocated to support youth arts which provides creative opportunities for target groups of children and creates employment opportunities for freelance musicians and other youth arts professionals. 	Creative Scotland	CLOSED
Wedding Sector Support Fund	SOSE developing twin-track approach similar to events approach: with larger awards and different assessment for strategically important venues; and a range of smaller grants for “supply chain” businesses, prioritising those with no or low previous support.	South of Scotland Enterprise/with SE & HIE	OPEN

Ski Centre Support Fund	<ul style="list-style-type: none"> • A ski centres – mountain resorts and artificial slopes – that are of regional and or local economic importance and are experiencing financial hardship. 	Economic Development Agencies	OPEN
Creative Industry Business Support Fund	<ul style="list-style-type: none"> • To support digital development for businesses in the creative and cultural sector to build resilience and drive innovation 	Enterprise Agencies and Business Gateway	NOT YET AVAILABLE
Museums Recovery and Resilience Fund Top up	<ul style="list-style-type: none"> • For independent museums (i.e. not local authority or public body or university run museums) to support survival until March 2021 and continued public engagement. 	Museums & Galleries Scotland	CLOSED
Food and Drink Sector Support Fund	<ul style="list-style-type: none"> • This is a reserve pot of money to respond to the impact of Brexit on the food and drink sector. The details of this fund will be determined once there is greater clarity on the impact of Brexit on this sector 	TBD	NOT YET AVAILABLE
Travelling Show People Support Fund	<ul style="list-style-type: none"> • For travelling show-people that can evidence active trading 	Corra Foundation	CLOSED

Discretionary Fund Proposal Appendix 2

The Discretionary Business Fund aims to provide a £2,000 grant to local businesses that are experiencing immediate financial challenges as a result of the COVID-19 restrictions and regulations but have not been able to access the Strategic Framework Business Fund or other business grant funds provided by the Scottish Government. In particular, this fund will aim to assist businesses that have been without financial support since October 2020.

The discretionary fund will provide a one-off payment of £2,000 per business.

The business must fall into one of the following 3 categories:

- businesses that supply goods or services to those who have been closed or restricted;
- businesses facing hardship as an indirect consequence of the current restrictions but have not been eligible to receive financial support through the Strategic Framework Business Fund;
- businesses who do not have business premises and are therefore ineligible for grants attached to the rates system.

Other Eligibility Includes:

- must be a small or micro enterprise employing less than 50 staff;
- must be ineligible for any scheme of support introduced since October by Scottish Government, this will also include any new schemes of support which have been or may be announced by the Scottish Government prior to the end of March 2021;
- business is not connected to a tax haven, as set out in the Coronavirus (Scotland) (No 2) Act 2020;
- must be able to present robust evidence (eg profit and loss accounts, invoices and receipts, details of contracts lost, cancelled booking diaries/work schedules, cancelled customer bookings) to show that income in the period October to December 2020 was at least 30% lower than in the equivalent period in 2019;
- must be able to provide evidence (eg proof of cancellations/lost bookings) that loss of income was as a result of COVID-19 restrictions eg travel restrictions or supply of goods/services to businesses that have been directly required to close / modify operations;
- must have been trading as of 17 March 2020;
- must provide details and evidence of a business bank account (in the form of an uploaded bank statement) into which grant payments will be made (in the case of self-employed discretion will be applied as long as there is clear evidence of trading from the personal bank statements provided);
- business premises (where applicable) must be registered for non-domestic rates. Businesses that pay rates through their landlords rather than directly must provide evidence of this;
- business has not breached wider COVID regulations/requirements leading to enforcement action;

- open to Limited Companies (including Scottish Charitable Incorporated Organisations and social enterprises), Sole Traders, Trusts, Partnerships, Community Interest Companies, freelancers or the self-employed;
- non premise based businesses will be required to provide evidence to demonstrate proof of identity (e.g. passport) and address (e.g. Council tax bill, utility bill);
- businesses will be required to provide evidence of active trading in the period before restrictions came into place on 9 October 2020; and
- self-employed will be required to confirm that self-employment makes up at least 50% of their income from employment.