
NORTH AYRSHIRE COUNCIL

28 September 2021

Cabinet

Title: Covid Business Support Discretionary Fund

Purpose: The purpose of this report is to provide an update on the agreed Discretionary and Transition Funding support for businesses and to seek approval for the proposed awarding of the balance of remaining funds to be dispersed to approved businesses with 1-10 employees.

Recommendation: It is proposed that Cabinet:

- i. Notes the update on Discretionary and Transition Fund performance; and
- ii. Approves that the residual balance of Discretionary Fund be used to provide a further top up grant of up to £1,700 to those approved businesses with 1-10 employees.

1. Executive Summary

- 1.1 In April 2021 Cabinet approved the criteria for the delivery of the Discretionary Fund to support businesses impacted by the COVID 19 regulations and restrictions and which had not benefited from other Scottish Government funding schemes. Cabinet also agreed the criteria for a new Transition Fund to help businesses who had been impacted financially by Covid restrictions and had been unable to finance business adaptations including new ways of working or processes. The Fund was to be utilised where a Green or Digital solution was identified.
- 1.2 The Discretionary Fund has been available for application for 6 months and applications have now significantly reduced, most restrictions have now been removed and a residual balance of circa £397k remains. It is proposed that this balance be dispersed equally to the cohort of small and micro businesses employing 1-10 employees.
- 1.3 The Transition Fund has been very successful with all funds now awarded.

2. Background

- 2.1 The Scottish Government announced in February 2021 a £120m Discretionary Fund to support businesses impacted by COVID 19 regulations and restrictions, with an allocation for North Ayrshire of £2.124m. On the 27th April 2021, Cabinet agreed proposals for North Ayrshire's Discretionary Funding. Cabinet agreed an allocation of £1.624m for the Discretionary Fund (DF) and £500,000 for a new Transition Fund (TF) to help support new ways of working through a green or digital transition.
- 2.2 Discretionary Fund: As at 17th August 2021, 295 applications have been received with 248 approvals, 42 rejections and 5 still to conclude the process. Rejections are primarily due to businesses accessing other grant schemes or not being able to show a deterioration of income during the pandemic. Payments noted as follows:

Employee Numbers	Award	Number	Total Value
1-10	£4,000	230	£920,000
11-20	£10,000	9	£90,000
21-30	£20,000	3	£60,000
31+	£25,000	6	£150,000
		248	£1.220m

- 2.3 Applications for the Discretionary Fund have now started to wind down with only 4 new applications received in August 2021. Promotion of the scheme and proactive engagement with business has not yielded further applications and as such it is likely that most businesses eligible for the fund have now applied.
- 2.4 The Discretionary Fund was designed to support those businesses which had no access to support via other schemes and were impacted financially by restrictions. In North Ayrshire, the small and micro business sector have demonstrated most need for this intervention. Continued engagement with business still identifies this cohort as financially fragile even as trading resumes.
- 2.5 A balance of Discretionary Funds remain unallocated and given the lack of new applications it is proposed to deliver a top up for those businesses within the 1-10 employee bracket. Based on the current balance of funds, it is estimated that this would provide an additional amount of up to £1,700 and would support a minimum of 230 small and micro businesses who are still considered vulnerable financially. This would bring the full grant award to a max value of up to £5,700 for this cohort.
- 2.6 Transition Fund: The TF has been very successful in stimulating demand for support with Digital and Green business adaption. A total of 99 applications for the Transition Fund have been received, 62 are approved, 30 in process and 7 applications rejected.
- 2.7 Projects supported include online management systems, digital learning platforms and investment in new machinery to substantially reduce waste and carbon emissions. Approvals to date note the following:

Approved	No of business supported	Paid	Committed	Total
Digital	41	£119,199	£213,650	£332,849
Green	21	£52,299	£125,473	£177,772
	62	£171,498	£339,123	£510,621

2.8 The approved projects commit slightly in excess of the £500,000 allocated for the Transition Fund however final projects and costs can be variable coming in at less than stated in the original application. The balance of any spend (£10,621) can be funded from an alternative appropriate grant fund listed below at 2.9. In addition, the following additional applications are also under review and processing for support which could potentially also qualify.

Processing	Numbers	Total Project Costs	Grant support requested
Digital	22	£421,000	£162,000
Green	8	£310,000	£92,000
	30	£731,000	£254,000

2.9 The approved and processing applications for the Transition Funding will ensure that the full allocation of the £500k will be fully awarded. The Fund is now closed to new applications. All applications will be considered in the first instance for support through the Transition Fund and any residual projects will be considered for support through the other appropriate Business Support Funds available including Green Jobs Fund, ERDF Grant Fund and Community Wealth Building Fund in order that all appropriate projects can be supported.

3. Proposals

3.1 It is proposed that Cabinet:

- (i) Notes the update on Discretionary and Transition Fund performance; and
- (ii) Approves that the residual balance of Discretionary Fund be used to provide a further top up grant of up to £1700 to those approved businesses with 1-10 employees.

4. Implications/Socio-economic Duty

Financial

4.1 It is estimated that a balance of funds of £397k remains. Residual funds will be used to support at least 230 businesses. All applications currently not approved for the Transition Fund will be met through additional existing schemes: ERDF Grant Funding, Community Wealth Building Fund and Green Jobs Fund as appropriate.

Human Resources

4.2 No implications arising from this report.

Legal

4.3 No implications arising from this report.

Equality/Socio-economic

4.4 The funding support aligns with Community Wealth Building principles and will support small and micro businesses.

Environmental and Sustainability

4.5 The Transition Fund has supported a number of businesses which will assist in North Ayrshire achieving its ambitious climate emergency response.

Key Priorities

4.6 The report provides information relevant to the following Council Plan priorities

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

Community Wealth Building

4.7 The report identifies a volume of small and micro businesses who will receive support that will help safeguard jobs. These businesses underpin the local economies.

5. Consultation

5.1 Previous consultation has taken place with Scottish Enterprise, East and South Ayrshire Councils.

Russell McCutcheon
Executive Director (Place)

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

Background Papers

Cabinet papers Feb & April 2021 – Discretionary Fund