

**ITEM No ...3.....**

**REPORT TO: POLICY AND RESOURCES COMMITTEE – 25 JANUARY 2021**

**REPORT ON: COVID-19 DISCRETIONARY GRANT**

**REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT**

**REPORT NO: 12-2021**

**1 PURPOSE OF REPORT**

1.1 To seek approval for the establishment of a discretionary business grant scheme targeting those businesses experiencing significant financial challenges that have received limited financial support since October.

**2 RECOMMENDATION**

2.1 It is recommended that the Committee:

- a notes the criteria and guidance provided by Scottish Government for operation of the scheme;
- b notes the work undertaken to coordinate plans with local authorities in the wider Tay Cities area and in particular Angus and Perth & Kinross councils;
- c approves proposals for establishment and operation of a discretionary Dundee City Council Business Support Scheme targeting the initial list of priority sectors and business types outlined; and
- d delegates authority to the Head of Planning and Economic Development to review and, where necessary, amendment eligibility criteria.

**3 FINANCIAL IMPLICATIONS**

3.1 The grants to business will be fully met through an allocation of £525,570 awarded by Scottish Government to Dundee City Council for operation and delivery of the scheme in financial year 2020/2021.

3.2 The administrative costs of managing the scheme will be met through deployment of appropriately skilled staff from across the Council to enable delivery of the scheme. COSLA has negotiated the allocation of £5 million to be shared across Scotland's 32 Councils to support administration costs. In light of the move to Level 4, and plans by Scottish Government to ask Councils to manage further business grant schemes, COSLA is negotiating for a further £7 million to help mitigate these costs.

**4 BACKGROUND**

4.1 Scottish Government have invested significant resources since March 2020 to help mitigate the impact on businesses arising from restrictions put in place to control the Covid-19 pandemic.

4.2 A number of agencies have been involved in the management and delivery of business support schemes funded by Scottish Government and Local Government has been central to these efforts.

4.3 To date Dundee City Council has administered and delivered the following support:

- a Covid-19 Business Support Grants to 2,374 businesses totalling £26.875 million;
  - b Newly Self-Employed Hardship Grants to 183 individuals totalling £366,000;
  - c Covid-19 Brake Restrictions Hardship Grants to 186 businesses totalling £281,425;
  - d Contingency Fund Grants to Soft Play Centre and Nightclubs totalling £75,000; and
  - e Strategic Framework Business Fund Grants to 164 businesses (two 4 weekly payments covering November and December have been made) totalling £605,700 (this scheme remains open for applications until 31 March 2021 and the move to level 4 will make non-essential retail businesses and close contact services with business premises eligible for support, whilst level 4 restrictions are in place, and increase payments to other businesses in the hospitality and exercise sectors that were operating under restrictions but are now required to close).
- 4.4 Funding schemes introduced to date have operated to prescribed criteria set down by Scottish Government to target finite resources at particular sectors and business types who are perceived to have faced the greatest hardship. There has been a particular focus on sectors and businesses that have been directly impacted by legal restrictions requiring them to close or operate in a restricted way. This has left gaps in support for other businesses. For example, those that are indirectly impacted by restrictions on others (eg supply chain to hospitality sector) or those that have been more generally affected by reductions in footfall arising from restricted travel between and within local authority boundaries.

## 5 DISCRETIONARY FUNDING

- 5.1 As part of a wider package of support to Scotland's 32 Councils, Dundee City Council has been awarded a one-off payment of £525,570 to spend on operation of a discretionary business support scheme in financial year 2020/2021.
- 5.2 The main objectives/expected outcomes of the Grant are to utilise councils' knowledge of their local economies to direct funding towards businesses experiencing immediate financial challenges as a result of COVID-19 restrictions and regulations, specifically those who have been without financial support since October.
- 5.3 Unlike previous funds which have been targeted towards specific groups or sectors impacted by COVID-19, this fund seeks to empower local authorities to direct additional financial support to a specific groups or sectors within the business community where they consider this to be necessary or justified based on the distinct characteristics of their local economies.
- 5.4 Local authorities can use this funding to provide direct financial support to businesses in their area so long as it is specifically for the purposes of mitigating immediate financial challenges arising from COVID-19 restrictions and regulations. Scottish Government only request that local authorities specifically exclude businesses that are:
- a in administration, insolvent or where a striking-off notice has been made; and
  - b in receipt of an enforcement notice as a result of breaching COVID-19 Regulations should not be considered eligible for funding by local authorities.
- 5.5 Scottish Government is content for local authorities to use this funding in order to provide direct financial support to Limited Companies (including Scottish Charitable Incorporated Organisations and social enterprises), Sole Traders, Trusts, Partnerships, Community Interest Companies, freelancers or the self-employed in their area.

- 5.6 Scottish Government have suggested that councils prioritise small and microbusinesses (50 employees or fewer) and the self-employed as the intended recipients of this funding. This cohort are typically less resilient to the ongoing disruption caused by COVID-19 and have less capacity to secure funding from alternative sources relative to larger businesses. By targeting their financial support towards smaller businesses, local authorities will also ensure that a greater proportion of the funding is retained within local communities.
- 5.7 Scottish Government have further suggested that precedence be given to businesses that have experienced disruption without having been specifically required to close or adapt their operations as a result of regulations. This may, for example, include businesses in the supply chain of or that derive a significant portion of their trade from closed or restricted sectors such as hospitality and tourism as well as companies impacted by travel restrictions.
- 5.8 In terms of payments, Scottish Government note that the funding is to mitigate the short term financial challenges being experienced by businesses and not to replace lost income. They suggest that smaller payments would be more appropriate, allowing local authorities to support a larger number of businesses. The Scottish Government's general position is that the level of payments should be consistent with support paid through the Strategic Framework Business Fund recognising that companies supported through the discretionary fund are likely to be smaller but they recognise the need for flexibility in this regard.
- 5.9 Communication has taken place with the Federation of Small Businesses, Dundee and Angus Chamber of Commerce and Officers from Angus Council and Perth & Kinross Council with the aim of ensuring that funding put in place targets particular gaps in support whilst ensuring that there is some degree of consistency across the wider region in terms of funding criteria and payment levels. It is recognised, however, that specific local needs may require divergence in term of sectors targeted.
- 5.10 Scottish Government are continuing to develop plans for further targeted grant schemes to be launched in early 2021. A provisional list of around 28 schemes has been shared with COSLA and Directors of Finance with up to 10 of these schemes earmarked for local government administration. These are in addition to the ongoing Strategic Framework Business fund and the discretionary fund discussed in this report. Whilst full details of funding schemes have yet to be formally agreed it is understood that consideration is being given to dedicated schemes that will offer further support to for example taxi drivers, the newly self-employed, mobile close contact services, tourism and accommodation businesses, hospitality businesses, events businesses and some other specific sectors.
- 5.11 In developing and managing the discretionary fund it will be important that Officers are able to take cognisance of potential for duplication arising from the introduction of other schemes by Scottish Government.
- 5.12 In the first instance, the following criteria are proposed for operation of the discretionary Dundee City Council Business Support Scheme:
- a a one-off payment of £2,000 per business (enabling the provision of support for up to 262 businesses)
  - b must fall into one of the following 3 categories:
    - 1 businesses that supply goods or services to those who have been closed or restricted (eg home-based B2B businesses (caterers; events/conference organisers, bands, DJs, photographers etc.) cleaning businesses; tradespeople; facilities management businesses, food/drink suppliers, AV companies);
    - 2 businesses facing hardship as an indirect consequence of the current travel restrictions (eg kennels and catteries; tour guides; removals);

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- 3 businesses who do not have business premises and are therefore ineligible for grants attached to the rates system.
- c must be a small or micro enterprise employing less than 50 staff;
  - d must be ineligible for any scheme of support introduced since October by Scottish Government;
  - e must be ineligible for any alternative scheme of support announced by Scottish Government in January or early February 2021;
  - f business is not connected to a tax haven, as set out in the Coronavirus (Scotland) (No 2) Act 2020;
  - g 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 25% lower than in the equivalent period in 2019. Acceptability of this evidence will be at the discretion of the grant processing team.
  - h 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.
  - i 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);
  - j 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;
  - k business has not breached wider COVID regulations/requirements leading to enforcement action;
  - l open to Limited Companies (including Scottish Charitable Incorporated Organisations and social enterprises), Sole Traders, Trusts, Partnerships, Community Interest Companies, freelancers or the self-employed;
  - m non premise based businesses will be required to provide evidence to demonstrate proof of identity (eg passport) and address (eg Council tax bill, utility bill)
  - n businesses will be required to provide evidence of active trading in the period before restrictions came into place on 9 October 2020; and
  - o self-employed will be required to confirm that self-employment makes up at least 50% of their income from employment.
- 5.13 The availability of other grant funding from Scottish Government will reduce the number of companies eligible to receive support from this fund. Nevertheless, demand is expected to be high and may outstrip the budget available which would support a maximum of 262 businesses receiving £2,000 each. Launch of the fund will be promoted through local media, the Council's website/social media channels and through intermediary business organisations. Funding will be allocated on a first come basis to those businesses that meet the eligibility criteria.

- 5.14 Businesses who are not satisfied with an award decision will be asked to e-mail their concerns to a dedicated e-mail address for the fund. These will be treated as appeals and the fund supervisor will present the evidence to a sub-group of the Business Grants Management Team for review and final decision on whether to uphold or overturn the original decision. Applicants will be informed of the decision by email within 10-15 working days of the appeal being lodged.
- 5.15 In light of the ongoing uncertainty regarding future funding provision by Scottish Government and the need to avoid duplicate funding:
- a launch of the discretionary scheme will seek to take cognisance of other funding schemes whilst aiming to be established as soon as possible subject to Committee approval being granted.
  - b Committee is asked to delegate authority to the Head of Planning and Economic Development to review and, where necessary, amend eligibility criteria to reflect changes in need/demand, input from stakeholders and guidance/alternative funding put in place by Scottish or UK Governments.

## **6 POLICY IMPLICATIONS**

- 6.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

## **7 CONSULTATIONS**

- 7.1 The Council Management Team have been consulted in the preparation of this report and are in agreement with its content.

## **8 BACKGROUND PAPERS**

- 8.1 None.

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