

REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 13 MAY 2021

UPDATE ON COVID-19 BUSINESS GRANTS

1 Reason for Report / Summary

- 1.1 This Report is to update Committee on the business grants delivered by Aberdeenshire Council during the Covid-19 pandemic and to notify Committee of phases 2 and 3 of the Discretionary Business Fund.

2 Recommendations

The Committee is recommended to:

- 2.1 Note the updated statistics in terms of grants to businesses administered by Aberdeenshire Council on behalf of the Scottish Government;**
- 2.2 Support the Council's proposals for any third and final phase of the Discretionary Business Fund, subject to funds being available, and associated dialogue with the Scottish Government**

3 Purpose and Decision-Making Route

- 3.1 Infrastructure Services Committee considered an update on Covid-19 business grants at its meeting on 21 January 2021. This included consideration of the proposals for Aberdeenshire's Discretionary Business Fund, based on an allocation of £1.77million from the Scottish Government.
- 3.2 Since the January Report ([Item 21](#)), the majority of Scottish Government schemes providing businesses with Covid-19 related financial support have closed. This included a variety of sector specific schemes, the broader Strategic Framework Business Fund (SFBF), and associated top-up and Restart grants that were administered by local Councils on behalf of the Government. Councils have administered a number of other schemes in the period January – May 2021 and these are referenced in this Report.
- 3.3 The Scottish Government and COSLA agreed an increase to the allocations to Councils of the Discretionary Business Fund in February 2021. Aberdeenshire Council was awarded an additional £6,388,331, taking the total available through the Discretionary Business Fund in Aberdeenshire to £8,162,867. The Scottish Government confirmed that the additional funding had to be used for direct grants to businesses related to loss of income from the pandemic and that it could not be used for activity to support business recovery or non-direct grants (e.g., rates relief). The Council's Strategic Leadership Team (SLT) considered proposals for the distribution of the additional funding in April 2021, and these were subsequently agreed by the Chairs, Vice-Chairs and Opposition spokespersons for Business Services Committee and Infrastructure Services

Committee. The Head of Finance has delegated authority to implement the new scheme and it was therefore launched as Phase 2 of the Discretionary Fund on 19 April 2021.

- 3.4 Officers estimate that Phase 2 of the Discretionary Business Fund may still not allocate all of the funding available. It is therefore proposed that the scheme closes for new applications on 21 May 2021 to allow for a review. Subject to funds still being available, proposals for a third phase will be put forward to SLT and relevant Committee representatives with a view to the scheme being concluded by the end of July 2021.

4 Discussion

- 4.1 The information in this Report is split into two broad categories as follows:
- A detailed summary of Scottish Government schemes that have been and are currently being administered by Aberdeenshire Council; and
 - Phase 2 of the Discretionary Business Fund and outline proposals for a third phase, if this proves necessary

Scottish Government Schemes managed by Aberdeenshire Council

- 4.2 Local government has administered a number of funding streams and reliefs on behalf of the Government since the start of the pandemic in March 2020. This report focuses on direct grants to businesses. To the 23 April 2021, Aberdeenshire Council has administered the following grants:

Grant name (*grant linked to rateable value)	Level of grant	Number of businesses awarded grants	Total value of grants awarded
Business Grants- Small Business Bonus Cases	£10,000 & for multiple properties £7,500	3,864	£43,176,250
Retail, Hospitality & Leisure	£25,000 & for multiple properties £18,750		
Tenant Occupier	£10,000		
Newly Self- Employed Hardship Fund	£2,000 (one off)	190	£380,000
Bed & Breakfast Fund Phase 1	£3,000	3	£9,000
Business Hardship Fund*	£1,440 £2,155	229	£360,160
Contingency Fund (nightclubs / soft play)*	£10,000 £25,000	17	£305,000

Strategic Framework Business Fund*	Restrictions Fund £1,400 £2,100 Closure Fund £2,000 £3,000	1,680	£11,308,461
Strategic Framework Business Fund – Top-up*	Retail £6,000 or £9,000 Hospitality (excluding self-catering / guest houses) £6,000 or £25,000	1,223	£8,367,950
Strategic Framework Business Fund – final payment and Restart Grant*	Retail £6,000 Hospitality / leisure £8,000, £12,000 or £18,000 depending on RV	1,658	£15,221,143
Contingency Fund 2 (brewers and travel agents)*	Brewers Up to £30,000, depending on RV and production levels Travel agents £10,000 or £25,000	11	£160,000
Taxi and Private Hire Driver Support Fund	£1,500 one-off grant	78	£117,000
Small Accommodation Providers Paying Council Tax Fund	£2,000 per month for 3 months (£6,000 in total)	29	£174,000
Large Self-catering Grant (properties with 7 bedspaces or more)	£2,000 one-off grant	49	£98,000
Top-up Payments to Licensed Bingo Halls	£50,000 one-off grant	NA	0
Discretionary Business Fund (Phase 1)	£2,000 one-off grant	780	£1,560,000

Discretionary Business Fund (Phase 2)	See paras 4.4 and 4.5 below	297	£753,000 [to date – fund remains open until 21 May]
Total Scottish Government funding awarded via Aberdeenshire Council to date			£81,989,964

4.3 Administration of the above grant schemes has been led by Finance and Economic Development, with Officers from across the Council mobilised to support grant processing and awards at various peaks during the cycles.

Phase 2 (and 3) of the Discretionary Business Fund

4.4 Recognising the ongoing nature of many of the pandemic restrictions and the Government guidance that the Discretionary Business Fund (DBF) should be distributed in the form of direct grants to businesses, Officers proposed a second phase of the DBF which was agreed and launched on 19 April 2021. Phase 2 has three distinct elements:

- A top-up grant for businesses already in receipt of DBF, with the top-up amount based on number of employees;
- Expanded eligibility to include new-start businesses that started trading after March 2020 (and were therefore excluded from previous schemes) and businesses with between 51 and 250 employees; and
- A separate one-off grant of £10,000 (equivalent to that offered through the national scheme) for Exclusive Use Venues that did not benefit from the national scheme for this sector due to their classification on the valuation roll and that are not in receipt of either the Strategic Framework Business Fund or the Small Accommodation Providers Paying Council Tax Fund. It is estimated that there are eight such venues in Aberdeenshire.

The table at 4.5 sets out the grant amounts offered in Phase 2.

4.5

	No. of employees	Total grant	Phase 2 top-up payment (for those awarded £2,000 in Phase 1)
Eligible businesses / sole traders	0	£4,000	£2,000
	1-9	£6,000	£4,000
	10-50	£10,000	£8,000
	51-250	£20,000	N/A
New start businesses (post March 2020)	0	£2,000	N/A
	1-9	£4,000	N/A
Exclusive Use Venues	N/A	£10,000	N/A

4.6 Phase 2 of the DBF scheme is due to close on 21st May 2021. A review of grants awarded, and any outstanding appeals will be undertaken at that point. Depending on the level of any unallocated funds, options will be brought forward which may include a simple distribution across existing DBF grant recipients or, if there are significant funds remaining, additional grants to existing recipients but linked to Inclusive Growth or Fair Work outcomes, for example. This may require further discussions with the Scottish Government as to the flexibility available to the Council to implement a more targeted grant. As noted at paragraph 3.4, options will be brought forward for consideration in line with the approach taken so far with the Discretionary Business Fund.

5 Council Priorities, Implications and Risk

5.1 This Report helps deliver the Strategic Priority “Economy and Enterprise” within the Pillar “Our Economy”.

5.2 The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial	x		
Staffing	x		
Equalities			X – dealt with at Government level
Fairer Scotland Duty			X – dealt with at Government level
Town Centre First			X – dealt with at Government level
Sustainability		x	
Children and Young People’s Rights and Wellbeing		x	

5.3 The grant schemes referenced in this Report have been designed by the UK or Scottish Governments and Aberdeenshire Council is implementing them according to the regulations and guidance provided by both Governments.

5.4 There are significant financial and staffing implications from the administration of these grant schemes. Financial risks relating to the award of grants to ineligible businesses or potentially fraudulent applications are mitigated by close examination of the regulations and guidance relating to the grant funds and working with Protective Services Officers to ensure that interpretation of the regulations is correct. Internal Audit are also supporting the design of the application process and schemes and are the final part of the appeals process for applications that are rejected.

5.5 A staff mobilisation effort has been instigated to support delivery of the multiple grant schemes. Economic Development and Finance are leading the majority of the work and have mobilised officers from within both services. Other officers from within Infrastructure Services (Business Support and

Transportation) and Licensing are also supporting delivery of the grant schemes.

5.6 The following Risks have been identified as relevant to this matter on a Corporate Level:

ACORP001 – budget pressures – all of the grants referenced in this report are funded in full by the UK or Scottish Governments but there are risks of ineligible grants being awarded and / or of systematic fraud. National measures are in place to mitigate this and the Council’s Internal Audit team is involved in the delivery of the grants and in any appeals.

ACORP006 – reputation management. There have been lags between national government announcements about funding and grants and the formal offer letters and guidance being issued to local authorities to enable them to deliver the schemes. In addition, there is often a lack of guidance that adds complexity for businesses in terms of their eligibility for grants. Active PR and communications on all of the grants available is a core element of the approach and aims to mitigate some of the reputational challenges.

6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this Report and their comments are incorporated in the Report. They are satisfied that the Report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider this item in terms of Section F.1.1b of the [List of Committee Powers in Part 2A](#) of the Scheme of Governance as it relates to policy issues and resource matters for Economic Development.

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